

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

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

For the fiscal year ended December 31, 2022

or

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

For the transition period from to
Commission file number 001-38183



RANGER ENERGY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

81-5449572

(I.R.S. Employer Identification No.)

10350 Richmond, Suite 550

Houston, Texas 77042

(713) 935-8900

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, \$0.01 par value	RNGR	New York Stock Exchange

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

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

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

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

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

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

As of June 30, 2022, the aggregate market value of the Class A Common Stock of Ranger Energy Services, Inc. held by non-affiliates of the Registrant was \$146.2 million, based on the closing market price as reported on the New York Stock Exchange of \$10.14. As of February 28, 2023, the Registrant had 24,896,972 shares of Class A Common Stock and zero shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed no later than 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, are incorporated by reference into Part III of this Annual Report on Form 10-K.

RANGER ENERGY SERVICES, INC.
TABLE OF CONTENTS

<u>Item</u>		<u>Page</u>
<u>PART I</u>		
<u>Item 1.</u>	<u>Business</u>	<u>1</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>13</u>
<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>	<u>30</u>
<u>Item 2.</u>	<u>Properties</u>	<u>30</u>
<u>Item 3.</u>	<u>Legal Proceedings</u>	<u>30</u>
<u>Item 4.</u>	<u>Mine Safety Disclosure</u>	<u>31</u>
<u>PART II</u>		
<u>Item 5.</u>	<u>Market for Registrant’s Common Equity, Related Stockholders’ Matters and Issuer Purchases of Equity Securities</u>	<u>32</u>
<u>Item 6.</u>	<u>Selected Financial Data</u>	<u>33</u>
<u>Item 7.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>33</u>
<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>46</u>
<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	<u>47</u>
<u>Item 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>	<u>74</u>
<u>Item 9A.</u>	<u>Controls and Procedures</u>	<u>74</u>
<u>Item 9B.</u>	<u>Other Information</u>	<u>78</u>
<u>Item 9C.</u>	<u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	<u>78</u>
<u>PART III</u>		
<u>Item 10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>	<u>79</u>
<u>Item 11.</u>	<u>Executive Compensation</u>	<u>79</u>
<u>Item 12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>79</u>
<u>Item 13.</u>	<u>Certain Relationships and Related Transactions and Director Independence</u>	<u>79</u>
<u>Item 14.</u>	<u>Principal Accounting Fees and Services</u>	<u>79</u>
<u>PART IV</u>		
<u>Item 15.</u>	<u>Exhibits, Financial Statement Schedules</u>	<u>80</u>
<u>Item 16.</u>	<u>Form 10-K Summary</u>	<u>83</u>
	<u>SIGNATURES</u>	<u>83</u>

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this Annual Report on Form 10-K (“Annual Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact included in this Annual Report, regarding our strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Annual Report, the words “may,” “should,” “intend,” “could,” “believe,” “anticipate,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under “Part I, Item 1A. Risk Factors” in this Annual Report and those set forth from time-to-time in other filings by the Company with the SEC. These documents are available through our website or through the SEC’s Electronic Data Gathering and Analysis Retrieval (“EDGAR”) system at www.sec.gov. Should one or more of the risks or uncertainties described occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Summary of our Risk Factors

The risk factors summarized below could materially harm our business, operating results and/or financial condition, impair our future prospects and/or cause the price of our common stock to decline. These are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. Material risks that may affect our business, operating results and financial condition include, but are not limited to:

Risks Related to our Operations

- reductions in capital spending within the oil and natural gas industry;
- the volatility of oil and natural gas pricing, as well as fuel conservation measures, impacting the supply and demand of oil and natural gas;
- significant capital expenditures that we may incur for new equipment as we grow our operations or as technological advances take place within the industry;
- the intense competition we face that may cause us to lose market share and could adversely affect our ability to market our services and expand our operations;
- difficulties we may have managing the growth of our business, which could adversely affect our financial condition and results of operations;
- our reliance upon a few large customers may adversely affect our revenue and operating results;
- customers may be forced to curtail or shut in production due to a lack of storage capacity;
- our reliance on a few key employees whose absence or loss could adversely affect our business;
- unsatisfactory safety performance may negatively affect our current and future customer relationships and, to the extent we fail to retain existing customer or attract new customers, adversely impact our revenue;
- claims including personal injury and property damages, which could materially and adversely affect our financial condition, results of operations and prospects;
- increased attention and proposed and future requirements relating to environmental, social, and governance (“ESG”) matters and conservation measures may adversely impact our or our customers’ businesses;
- the widespread outbreak of disease, including a reemergence of COVID-19 including through new variants, and its potential effect on business operations and financial conditions; and
- interruptions, failures or attacks in our information technology systems.

Risks Related to our Ownership and Capital Structure

- difficulties in identifying suitable, accretive acquisition opportunities and integrating businesses, assets and personnel, as well as difficulties in obtaining financing for targeted acquisitions and the potential for increased leverage or debt service requirements;
 - certain restrictions under the terms of our Revolving Credit Facility may limit our future ability to pay cash dividends;
 - future issuance of additional Class A Common Stock in the public market, or the perception that such sales may occur, could reduce our stock price and any additional capital raised by us through the sale of equity or preferred stock or convertible securities may dilute your ownership in us;
 - we may issue additional preferred stock, the terms of which could adversely affect the voting power or value of our Class A Common Stock;
 - we may experience difficulty in completing financial statements relating to acquisition opportunities, resulting in the inability to register securities with the SEC;
 - CSL Capital Management (“CSL”) and Bayou Wells Holdings Company, LLC (“Bayou Holdings”) and their respective affiliates are not limited in their ability to compete with us and they could benefit from corporate opportunities that might otherwise be available to us; and
 - certain of our directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.
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PART I

Item 1. Business

Overview

Ranger Energy Services, Inc. (the “Company,” “Ranger,” “we,” “us” or “our”) is a provider of onshore high specification (“high-spec”) well service rigs, wireline services, and additional processing solutions and ancillary services in the United States. We provide an extensive range of well site services to leading United States (“U.S.”) exploration and production (“E&P”) companies that are fundamental to establishing and enhancing the flow of oil and natural gas throughout the productive life of a well. Our focus has been positioning ourselves to serve a high-quality customer base by leveraging our young fleet, improving systems and streamlining processes, making Ranger an operator of choice for U.S. E&P companies that require completion and production services.

Our service offerings consist of well completion support, workover, well maintenance, wireline, fluid management, and other complementary services, as well as well installation, commissioning and operating of modular equipment, which are conducted in three reportable segments, as follows:

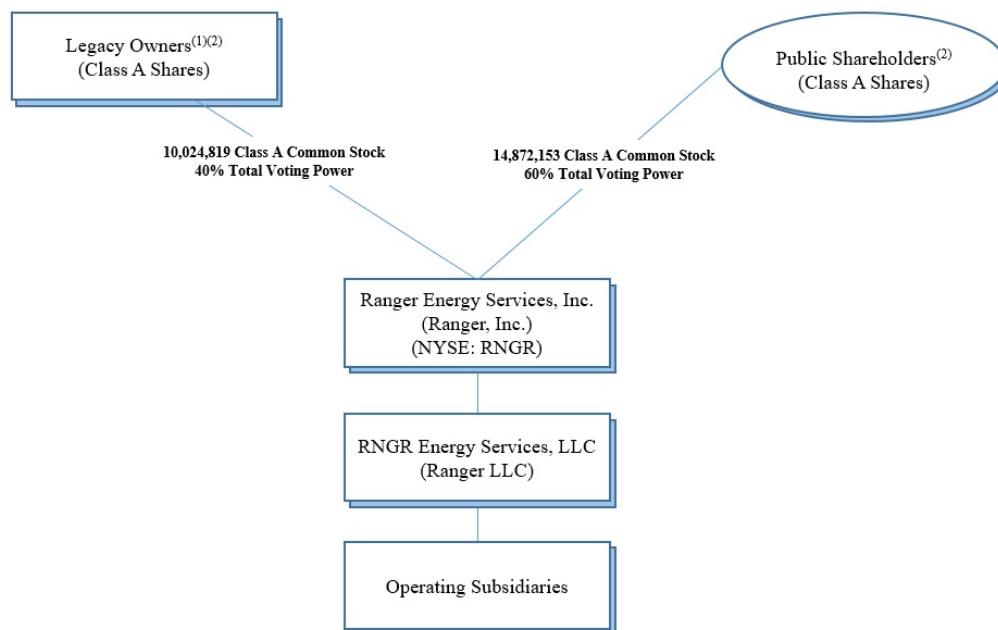
- *High Specification Rigs.* Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- *Wireline Services.* Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production and pump down lines of business.
- *Processing Solutions and Ancillary Services.* Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, snubbing and coil tubing, plug and abandonment, logistics hauling, and processing solutions.

The Company’s operations take place in most of the active oil and natural gas basins in the U.S., including the Permian Basin, Denver-Julesburg Basin, Bakken Shale, Eagle Ford Shale, Haynesville Shale, Gulf Coast, South Central Oklahoma Oil Province and Sooner Trend, Anadarko Basin, and Canadian and Kingfisher Counties plays. For further information related to our services and financial results of our operating segments, see “Part I, Item 1. Business—Our Segments,” “Part II, Item 7. Management Discussion and Analysis—Operating Results,” and “Part II, Item 8. Financial Statements and Supplementary Data—Note 17 — Segment Reporting.”

Organization

Ranger Inc. was incorporated as a Delaware corporation in February 2017. In conjunction with the initial public offering of Class A Common Stock, par value \$0.01 per share (“Class A Common Stock”), which closed on August 16, 2017 (the “Offering”), and the corporate reorganization we underwent in connection with the Offering, we became a holding company, the sole material assets of which consist of membership interests in RNGR Energy Services, LLC (“Ranger LLC”). Ranger LLC owns all of the outstanding equity interests in Ranger Energy Services, LLC (“Ranger Services”) and Torrent Energy Services, LLC (“Torrent Services”), and the other subsidiaries through which it operates its assets. Ranger LLC is the sole managing member of Ranger Services and Torrent Services, and is responsible for all operational, management and administrative decisions relating to Ranger Services, its subsidiaries, and Torrent Services’ business and consolidates the financial results of Ranger Services, its subsidiaries, and Torrent Services.

The following diagram indicates our ownership structure as of February 28, 2023:



(1) CSL and Bayou Well Holdings Company, LLC (collectively the “Legacy Owners”) own the equity interests, where CSL holds a majority.

(2) Inclusive of unvested restricted share awards.

Our Segments

We conduct our operations through multiple business lines that are organized into three reporting segments: High Specification Rigs, Wireline Services and Processing Solutions and Ancillary Services. Our services, when utilized in conjunction with one another, strategically enhance our operating footprint by creating operational efficiencies for our customers and allow us to capture a greater portion of their spending across the lifecycle of a well. The following provides additional detail on our reportable segments and the business lines within each segment.

As a result of three business combinations, coupled with executive management changes, the Company re-evaluated the reportable segments accordingly. During the fourth quarter of 2021, the Company bifurcated the legacy Completion and Other Services segment into Wireline Services and Ancillary Services, where the historical Processing Solutions segment has been consolidated into the Ancillary Services segment. Prior periods have been revised to conform to the current presentation.

High Specification Rigs

Our High Specification Rig segment provides high-spec well and complementary equipment and services to facilitate operations throughout the lifecycle of a well. We provide services to E&P companies, particularly to those operating in unconventional oil and natural gas reservoirs and requiring technically and operationally advanced services. Our high-spec well service rigs are designed to support U.S. horizontal well demands.

Specifically, our high-spec rig services consist of the following:

- *Well completion support.* Our well completion support services are utilized subsequent to hydraulic fracturing operations but prior to placing a well into production, and primarily include unconventional well completion operations, including milling out composite plugs, frac sand or other downhole debris or obstructions that were

introduced in the well as part of the completion process and installing production tubing and other permanent downhole equipment necessary to facilitate production.

- *Workovers.* Our workover services primarily facilitate major well repairs or modifications required to sustain the flow of oil and natural gas in a producing well. Workovers, which may require a few days to several weeks to complete and generally require additional auxiliary equipment, are typically more complex and more time-consuming than well maintenance operations. Workover operations include major subsurface repairs such as the repair or replacement of well casing, recovery or replacement of tubing and removal of foreign objects from the wellbore. All of our high-spec well service rigs are designed to perform complex workover operations.
- *Well maintenance.* Our well maintenance services provide periodic maintenance required throughout the life of a well to sustain optimal levels of oil and natural gas production. Our well maintenance services primarily include the removal and replacement of downhole production equipment, including artificial lift components such as sucker rods and downhole pumps, the repair of failed production tubing and the repair and removal of other downhole production-related byproducts such as frac sand or paraffin that impair well productivity. These and similar routine maintenance services involve relatively low-cost, short-duration operations that generally experience relatively stable demand notwithstanding changes in drilling activity.

The composition of our well service rig fleet makes it particularly well-suited to provide both completion-oriented services, the demand for which generally increases along with increased capital spending by E&P operators, and production-oriented services, the demand for which is less influenced, on a comparative basis, by such capital spending. The ability of our well service rigs to accommodate the needs of our E&P customers in a variety of economic conditions has historically allowed us to maintain relatively high rig utilization.

We currently have a fleet of 428 well service rigs, which we believe to be among the newest and most advanced in the industry and are considered to be high-spec rigs, with high operating horsepower (“HP”) (450 HP or greater) and tall mast heights (102 feet or higher).

HP Rating ⁽¹⁾	Mast Height	Mast Rating ⁽²⁾	Number of High-Spec Rigs
550 — 600	112’ — 117’	250,000 — 300,000’	97
500	104’ — 108’	240,000 — 250,000’	255
450 — 475	102’ — 104’	200,000 — 250,000’	76
Total High-Spec Rigs			428

(1) Per manufacturer or historical records obtained through acquisitions.

(2) The mast ratings of our high-spec well service rigs complement their high operating HP and tall mast heights by allowing such rigs to safely support the higher weights associated with the long tubing strings used in long-lateral well completion operations and is measured in pounds.

Wireline Services

Our Wireline Services segment provides wireline completion and production services necessary to bring a well on production. Our wireline services involve the use of wireline trucks equipped with a spool of cable that is unwound and lowered into oil and natural gas wells to convey specialized tools or equipment primarily for well completion, but also for well intervention, pipe recovery, and plugging and abandonment purposes.

Our wireline services consist of the following:

- *Production Services.* Our wireline production and intervention services provide the information and the means to identify and resolve well production problems through our cased hole logging, perforating, mechanical, and pipe recovery services. Our cased hole logging services include cement bond evaluation, multi-arm calipers and ultrasonic logging services for casing and cement inspection. These are critical services to determine the integrity of the production casing, the cement outside of the production casing, and the production tubing. Our pipe recovery services are used to free drill pipe when it gets stuck in an open hole, or to cut tubing or casing for well intervention operations.
- *Completion Services.* Our wireline completion services are used primarily for pump down perforating operations to create perforations or entry holes through the production casing. These perforations are necessary to allow for hydraulic fracturing and producing from a hydrocarbon formation. In horizontal wellbores, the perforating guns are lowered into the vertical portion of the well and are then pumped out to the end of the

horizontal wellbore. Then the perforating guns are detonated to perforate the casing and they are retrieved out of the well. This operation is typically repeated fifty to one hundred times to fully perforate, fracture and complete a one- or two-mile-long horizontal wellbore. Ranger uses innovative technologies to enable cleaner, safer, faster, and environmentally friendly operations.

- *Pump Down.* Our pumping services can be used during completion or intervention operations as a standalone service or in a comprehensive completion pump down perforating solution. Combining Ranger's wireline perforating and pump down services maximizes operational efficiency through integrated safety, quality and communications systems. Our pumping services can be used during intervention operations for pressure testing casing, tubing and plugs, for injecting and pumping acid into the reservoir to stimulate production. Our pumping services can also be used in conjunction with our high-spec rigs or coiled tubing units to circulate composite frac plug cuttings, frac sand, and other debris out of the wellbore during completion operations. Ranger provides a range of high-pressure mobile pumps including ones that meet tier four emissions standards.

We have a fleet of 67 wireline units and 13 high-pressure pump trucks that are utilized in our wireline services. Our wireline services utilize high-pressure pump trucks to pump fracturing plugs and perforating guns into extended reach horizontal wells for pump down perforating completion purposes. From time-to-time our wireline units will be used in conjunction with our Ancillary Services.

Processing Solutions and Ancillary Services

Our processing solutions and ancillary services, which are described below, are utilized in conjunction with our High Spec Rigs and Wireline Services to establish and enhance the productive life of a well. Specifically, in connection with the operations of our high-spec well service rigs, we also maintain a supply of additional service and rental equipment, including accumulators, acid and frac tanks, motor vehicles, trailers, tractors, catwalks, cementing units, pipe racks, power swivels, ram block assemblies, fluid pumps and related items.

- *Well Service-Related Equipment Rentals.* Our well service-related equipment rentals consist of a diverse fleet of rental items, including fluid pumps (various horsepower pumping equipment utilized to circulate fluid in and out of wellbores), power swivels (hydraulic motor-driven, pipe-rotating machines used to deliver shock-free torque to the workstring or tubing during well service rig operations), well control packages (equipment used to ensure formation pressure is maintained within the wellbore during well service rig operations), hydraulic catwalks (mechanized lifting devices used to raise and lower drill pipe and tubing to and from the well service rig work floor), frac tanks, pipe racks and pipe handling tools. Our well service-related equipment rentals are typically used in conjunction with the services provided by our high-spec well services.
- *Coil Tubing.* Our coiled tubing services utilize coiled tubing units to perform well intervention and other production services on a well by injecting small diameter steel pipe, unwound from a reel, into an existing production string. Our coiled tubing services provide operators with a cost-effective way to workover, drill, or convey tools in live, producing wells and other extended reach, high angle wellbores.
- *Decommissioning.* Our decommissioning services primarily include plugging and abandonment, in which our well service rigs and wireline and cementing equipment are used to prepare non-economic oil and natural gas wells to be permanently sealed or temporarily shut in. Decommissioning work is typically less sensitive to oil and natural gas prices than our other well service rig operations as a result of decommissioning obligations imposed by state regulations.
- *Snubbing Services.* Our snubbing services consist of using our snubbing units together with our well service rigs in order to perform well completion, workover or maintenance activities. Our snubbing services enable operators to safely run or remove pipe and other associated downhole tools into pressurized or highly deviated wellbores.
- *Fluid Management Services.* Our fluid management services utilize transport trucks, pumps and other tools and equipment to control and separate completion fluids and to haul oilfield fluids used in production. These services consist of the hauling of oilfield fluids, including drilling mud, fresh water and saltwater used or produced in well drilling, completion and production. Additionally, we rent tanks to store such fluids at the wellsite.

- *Processing Solutions.* Our Processing Solutions services engage in the rental, installation, commissioning, start-up, operation and maintenance of Mechanical Refrigeration Units (“MRU”), Nitrogen Gas Liquid (“NGL”) stabilizer units, NGL storage units and related equipment. Our Processing Solutions segment provides a range of proprietary, modular equipment for the processing of rich natural gas streams at the wellhead or central gathering points in basins where drilling and completion activity has outpaced the development of permanent processing infrastructure.

Other

We incur general corporate and administrative costs that are not attributable to any of the operating segments or business lines, which are reported as Other. For further information regarding the results of operations for each segment, please see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations” and “Part II, Item 8. Financial Statements and Supplementary Data — Note 17 — Segment Reporting.”

Competition

We provide services in various geographic regions across the United States, which are highly competitive. Our competitors include many large and small oilfield service providers. Our largest competitors in the current market include RCP, Inc., ProPetro Holding Corp., Select Energy Services, Inc., Oil States International, Inc., KLX Energy Services Holdings, Inc., Dril-Quip, Inc., Mammoth Energy Services, Inc. and Solaris Oilfield Infrastructure, Inc. In addition, our industry is highly fragmented and we compete regionally with a significant number of smaller service providers.

We believe that the principal competitive factors in the markets we serve are technical expertise, equipment capacity, work force competency, efficiency, safety record, reputation, experience and price. Additionally, projects are often awarded on a bid basis, which tends to create a highly competitive environment. We seek to differentiate ourselves from our competitors by striving to deliver the highest-quality services and equipment possible, coupled with superior execution and operating efficiency in a safe working environment.

Cyclical Nature of Industry

We operate in a highly cyclical industry and the key factor driving demand for our services is the level of drilling activity by E&P companies. In turn, the level of drilling depends largely on the current and anticipated economics of new well completions. Global supply and demand for oil and the domestic supply and demand for natural gas are critical in assessing industry outlook. Demand for oil and natural gas is cyclical and subject to large, rapid fluctuations. E&P companies tend to increase capital expenditures in response to increases in oil and natural gas prices, which generally results in greater revenue and profits for oilfield service companies. Increased capital expenditures also lead to greater production, which historically has resulted in increased inventories and reduced prices, consequently reducing demand for oilfield services. The results of our operations, therefore, may fluctuate from period to period, and these fluctuations may distort comparisons of results across periods.

Seasonality

Our results of operations have historically reflected seasonal tendencies relating to holiday seasons, inclement weather and the conclusion of our customers’ annual drilling and completion of capital expenditure budgets. Our most notable declines generally occur in the fourth quarter of the calendar year. Additionally, some of the areas in which we have operations, including the Denver-Julesburg Basin and the Bakken Shale, are adversely affected by seasonal weather conditions, primarily during the winter months. During periods of heavy snow, ice, wind or rain, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenue, or we could suffer weather-related damage to our facilities and equipment resulting in delays in operations.

Sales and Marketing

Our sales and marketing activities are typically performed through local operations in each geographical region and are supported by sales representatives at our corporate headquarters. Our senior management takes an active role in supporting our sales and marketing personnel. We believe our field sales personnel understand the region-specific issues and customer operating procedures and, therefore, can more effectively target marketing activities. Our sales representatives work closely with our managers and field sales personnel to target market opportunities.

Significant Customers

During the year ended December 31, 2022, one customer accounted for approximately 10% of our consolidated revenue. During the year ended December 31, 2021, two customers accounted for approximately 25% of our consolidated revenue. For the years ended December 31, 2022 and 2021, our top five revenue-generating customers represented approximately 36% and 42% of our consolidated revenue, respectively. No other customers represented more than 10% of our consolidated revenue for each of the years ended December 31, 2022 and 2021. We have a diverse portfolio of customers which included approximately 350 distinct customers that we served during 2022.

Suppliers

Our internal supply chain team manages sourcing and logistics to ensure flexibility and continuity of supply in a cost-effective manner across all areas of our operations. We have built long-term relationships with multiple industry leading suppliers of materials and equipment. We purchase a wide variety of materials, parts and components that are manufactured and supplied for our operations. We are not dependent on any single source of supply for those parts, supplies or materials. We have generally been able to obtain the equipment, parts and supplies necessary to support our operations on a timely basis.

Human Capital

We combine our services offerings with a highly skilled and experienced workforce, enabling us to consistently deliver exceptional service while maintaining high health, safety and environmental standards. We invest in attracting, developing and retaining talented personnel and believe we have good relationships with our employees. Our personnel are dedicated to redefining services for our customers, driving new thinking, raising standards and rising to challenges. We believe that our efficient operational performance, executed at a high level of integrity, strong safety record and low leverage provides a competitive advantage. As of December 31, 2022, we had approximately 2,000 full-time and part-time employees and we hire independent contractors on an as-needed basis. We are not a party to collective bargaining agreements, nor do we have any unionized labor.

Environmental and Occupational Safety and Health Matters

Our operations, which support the oil and natural gas exploration, development and production activities pursued by our customers, are subject to stringent and comprehensive federal, regional, state and local laws and regulations governing occupational safety and health, the discharge of materials into the environment, solid and hazardous waste management, fluid transportation and disposal and environmental protection. These laws and regulations may, among other things: (i) limit or prohibit our operations on certain lands lying within wilderness, wetlands and other protected areas; (ii) require remedial measures to mitigate or clean up pollution from former and ongoing operations; (iii) impose restrictions on the types, quantities and concentrations of various substances that can be released into the environment or injected in formations in connection with oil and natural gas drilling and production activities; (iv) impose specific safety and health standards or criteria addressing worker protection; and (v) impose substantial liabilities for pollution resulting from our operations.

Numerous governmental entities, including the U.S. Environmental Protection Agency (“EPA”) and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Any failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of delays in the permitting or performance of projects; the issuance of orders enjoining performance of some or all of our operations in a particular area; and governmental or private claims for personal injury or property or natural resource damages.

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. Moreover, accidental releases or spills may occur in the course of our operations, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. Our customers may also incur increased costs or delays or restrictions in permitting or operating activities as a result of more stringent environmental laws and regulations, which may result in a curtailment of exploration, development or production activities that would reduce the demand for our services.

Worker Health and Safety

We are subject to the requirements of the federal Occupational Safety and Health Act (“OSHA”), and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public.

Radioactive Materials

Naturally occurring radioactive materials (“NORM”) may contaminate extraction and processing equipment used in the oil and natural gas industry, most often in the form of scale. The waste resulting from such contamination is regulated by federal and state laws. Standards have been developed for worker protection, treatment, storage, and disposal of NORM and NORM waste, management of NORM-contaminated waste piles, containers and tanks and limitations on the relinquishment of NORM-contaminated land for unrestricted use under the Resource Conservation and Recovery Act (“RCRA”) and state laws. We may incur significant costs or liabilities associated with elevated levels of NORM.

Hazardous Substances and Wastes and Naturally Occurring Radioactive Materials

The RCRA, and comparable state statutes, regulate the generation, treatment, storage, transportation, disposal and clean-up of hazardous and non-hazardous wastes. Pursuant to rules issued by the EPA, individual states can have delegated authority to administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. In the course of our operations, we generate industrial wastes, such as paint wastes, waste solvents and oils that are regulated as hazardous materials. Drilling fluids, produced waters and other wastes associated with the exploration, development and production of oil or natural gas, if properly handled, are currently exempt from regulation as hazardous waste under RCRA and, instead, are regulated under RCRA’s less stringent non-hazardous waste provisions, or other state or federal laws.

However, it is possible that certain oil and natural gas drilling and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. Reclassification of drilling fluids, produced waters and related wastes as hazardous under RCRA could result in an increase in our, as well as the oil and natural gas E&P industries’, costs to manage and dispose of generated wastes, which could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Additionally, other wastes handled at E&P sites or generated in the course of providing well services may not fall within this exclusion.

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) and comparable state laws impose strict, joint and several liability for environmental contamination and damages to natural resources without regard to fault or the legality of the original conduct on certain classes of persons. These persons include owners and operators of real property impacted by a release of hazardous substances and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances to or at the site. Under CERCLA, such persons may be liable for, among other things, the costs of remediating the hazardous substances that have been released into the environment, damages to natural resources and the costs of certain health studies. In addition, where contamination may be present, it is not uncommon for the neighboring landowners and other third parties to file claims for personal injury, property damage and recovery of response costs.

Water Discharges and Discharges into Belowground Formations

The Federal Water Pollution Control Act, also known as the Clean Water Act (“CWA”), and analogous state laws, impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and hazardous substances, into state waters and waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Spill prevention, control and countermeasure plan requirements imposed under the CWA require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of stormwater runoff from certain types of facilities. The CWA also prohibits the discharge of dredge and fill material in regulated waters, including wetlands, unless authorized by permit. There has been substantial uncertainty regarding the scope of regulated waters in recent years, and any expansion in this scope could result in increased costs or timeframes to complete activities. The CWA and analogous state laws also may impose substantial civil and criminal penalties for noncompliance, including spills and other non-authorized discharges.

The Oil Pollution Act of 1990 (“OPA”) sets minimum standards for prevention, containment and cleanup of oil spills. The OPA applies to vessels, offshore facilities and onshore facilities, including exploration and production facilities that may affect waters of the United States. Under the OPA, responsible parties including owners and operators of onshore facilities

may be held strictly liable for oil cleanup costs and natural resource damages as well as a variety of public and private damages that may result from oil spills. The OPA also requires owners or operators of certain onshore facilities to prepare facility response plans (“FRP”) for responding to a worst-case discharge of oil into waters of the United States.

Our oil and natural gas producing customers dispose of flowback and produced water or certain other oilfield fluids gathered from oil and natural gas producing operations in accordance with permits issued by government authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern relates to recent seismic events near underground disposal wells used for the disposal by injection of flowback and produced water or certain other oilfield fluids resulting from oil and natural gas activities. When caused by human activity, such events are called induced seismicity. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. States may, from time to time, develop and implement plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. In addition, ongoing lawsuits allege that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by our customers to dispose of flowback and produced water and certain other oilfield fluids. Increased regulation and attention given to induced seismicity also could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing injection wells for waste disposal.

Any one or more of these developments may necessitate that our customers limit disposal well volumes, rates or locations, or may require our customers or third party disposal well operators that dispose of customer wastewater to shut down disposal wells, which could adversely affect our customers’ business and result in a corresponding decrease in the need for our services, which could have a material adverse impact on our business, liquidity position, financial condition, results of operations and prospects.

Air Emissions

Some of our operations also result in emissions of regulated air pollutants. The federal Clean Air Act (“CAA”) and analogous state laws require permits for certain facilities that have the potential to emit substances into the atmosphere that could adversely affect environmental quality. These laws and their implementing regulations also impose limitations on air emissions and require adherence to maintenance, work practice, reporting and record keeping 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.

Many of these regulatory requirements, including New Source Performance Standards (“NSPS”) and Maximum Achievable Control Technology standards, are expected to be made more stringent over time as a result of stricter ambient air quality standards and other air quality protection goals adopted by the EPA. Compliance with these or other new regulations could, among other things, require installation of new emission controls on some of our equipment, result in longer permitting timelines and significantly increase our capital expenditures and operating costs, which could adversely impact our business. For example, in June 2016, the EPA published additional final rules establishing new emissions standards for methane and additional standards for Volatile Organic Compounds from certain new, modified and reconstructed equipment and processes in the oil and natural gas source category, including production, processing, transmission and storage activities. In September 2020, the EPA finalized amendments which removed the transmission and storage segment from the oil and natural gas source category and rescinded the methane-specific requirements for production and processing facilities. Subsequently, the U.S. Congress approved, and President Biden signed into law, a resolution under the Congressional Review Act to repeal the September 2020 revisions to the methane standards, effectively reinstating the prior standards. Additionally, in November 2021, EPA issued a proposed rule that, if finalized, would establish (a) new source and (b) first-time existing source standards of performance for methane and volatile organic compound emissions for oil and gas facilities. Operators of affected facilities will have to comply with specific standards of performance to include leak detection using optical gas imaging and subsequent repair requirement, and reduction of emissions by 95% through capture and control systems. The EPA plans to issue a supplemental proposal in 2022 containing additional requirements not included in the November 2021 proposed rule and anticipates the issuance of a final rule by the end of the year. In addition, some of our customers may operate on federal or tribal lands, and are subject to further regulation, including by tribal authorities and the federal Bureau of Land Management (“BLM”). Potentially applicable regulations include the EPA’s June 2016 Federal Implementation Plan (“FIP”) to implement the Federal Minor New Source Review Program on tribal lands for oil and gas production. The FIP creates a permit-by-rule process for minor sources that also incorporates emission limits and other requirements under various federal air quality standards, applying them to a range of equipment and processes used in oil and

gas production. In April 2018, the EPA proposed revisions to reportedly streamline the FIP. Neither the FIP nor the revisions apply in areas of ozone nonattainment, except, as the result of a May 2019 rule, to the Indian country portion of the Uinta Basin Ozone Nonattainment Area. As a result, the EPA may impose area-specific regulations in certain areas identified as tribal lands that may require additional emissions controls on existing equipment. Such requirements will likely result in increased operating and compliance costs for our customers in these regions.

In November 2016, the BLM finalized a rule regulating the venting and flaring of natural gas, leak detection, air emissions from equipment, well maintenance and unloading, drilling and completions and royalties potentially owed for loss of such emissions from oil and natural gas facilities producing on federal and tribal leases. In September 2018, the BLM issued a final rule rescinding the agency's 2016 methane rule. However, in July 2020 and October 2020, federal district courts in California and Wyoming, respectively, vacated these rules, and litigation is ongoing. President Biden has also published an executive order calling for the review and potential revision of the September 2018 rule. Because of the foregoing, methane requirements on federal land remain uncertain at this time. Compliance with this and other air pollution control and permitting requirements has the potential to delay the development of oil and natural gas projects and increase costs for us and our customers. Moreover, our business could be materially affected if these or other similar requirements increase the cost of doing business for us and our customers, or reduce the demand for the oil and natural gas our customers produce, and thus have an adverse effect on the demand for our services.

Climate Change

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of greenhouse gases ("GHG") 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 regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHG.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has highlighted addressing climate change as a priority of his administration, which includes certain initiatives for climate change legislation to be proposed and passed into law. Moreover, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the U.S. Department of Transportation ("DOT"), implement GHG emissions limits on vehicles manufactured for operation in the United States. The federal regulation of methane emissions from oil and gas facilities has been subject to substantially controversy in recent years; for more information, please see our regulatory disclosure titled "Air Emissions." Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations-sponsored Paris Agreement requires member states to submit non-binding individually-determined reduction goals every five years after 2020. Following President Biden's executive order in January 2021, the United States rejoined the Paris Agreement and, in April 2021, established a goal of reducing economy-wide net GHG emissions 50-52% below 2005 levels by 2030. Additionally, at the 26th Conference of the Parties ("COP26") in Glasgow in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge; an initiative committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including "all feasible reductions" in the energy sector. However, the impacts of these actions remain unclear at this time.

Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates for political office. These have included promises to pursue actions to limit emissions and curtail the production of oil and gas on federal land. For more information, see our regulatory disclosure titled "Hydraulic Fracturing." Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission limitations for oil and gas facilities. Litigation risks are also increasing, as a number of parties have sought to bring suit against certain oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts.

There are also increasing financial risks for companies in the fossil fuel sector as shareholders currently invested in fossil fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-fossil fuel 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. For example, at COP26, the Glasgow Financial Alliance for Net Zero (“GFANZ”) announced that commitments from over 450 firms across 45 countries had resulted in over \$130 trillion in capital committed to net zero goals. The various suballiances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. 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. In late 2020, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. Subsequently, the Federal Reserve has issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. Additionally, the Securities and Exchange Commission recently proposed new rules relating to the disclosure of a range of climate-related risks. We are currently assessing this rule but at this time we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, we could incur increased costs related to the assessment and disclosure of climate-related risks. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon intensive sectors.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG 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 GHG 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, political, 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. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation.

Hydraulic Fracturing

Our customers are reliant on hydraulic fracturing services in connection with their production of oil and natural gas. Hydraulic fracturing stimulates production of oil and/or natural gas from dense subsurface rock formations by injecting water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production.

Hydraulic fracturing typically is regulated by state oil and natural gas commissions, however the EPA has asserted federal regulatory authority pursuant to the Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuel and issued permitting guidance in February 2014 that applies to such activities. The EPA also finalized rules in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly-owned wastewater treatment plants. In addition, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources in December 2016. The final report concluded that “water cycle” activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances.

Additionally, the BLM finalized a rule in March 2015 establishing standards for hydraulic fracturing on federal and tribal lands, but subsequently repealed the rule in December 2017. Although these rulemakings have been rescinded, modified, or subjected to legal challenge, new or more stringent regulations may be promulgated by the Biden Administration. For example, in January 2021, President Biden issued an executive order suspending new leasing activities, but not operations under existing leases, for oil and gas exploration and production on non-Indian federal lands pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities on such lands and waters. Although the federal court for the Western District of Louisiana issued a preliminary injunction against the leasing pause, in response to the executive order, the Department of Interior issued a report recommending various changes to the federal leasing program, though many such changes would require Congressional action. As a result, we cannot predict the final scope of regulations or restrictions that may apply to oil and gas operations on federal lands. However, any regulations that ban or effectively ban such operations may adversely impact demand for our products and services. In addition, various state and local governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permit requirements, operational restrictions, disclosure requirements, well construction and temporary or

permanent bans on hydraulic fracturing in certain areas. For example, Texas, Colorado and North Dakota, among others, have adopted regulations that impose new or more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations. State regulators may also take action to address concerns regarding induced seismicity. For example, in September 2021, the Texas Railroad Commission (“TRRC”) issued a notice to disposal well operators in the Gardendale Seismic Response Area near Midland, Texas to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18 month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area. Subsequently, the TRRC ordered the indefinite suspension of all deep oil and gas produced water injection wells in the area, effective December 31, 2021. While we cannot predict the ultimate outcome of these actions, any action that temporarily or permanently restricts the availability of disposal capacity for produced water or other oilfield fluids may increase our customers’ costs or require them to suspend operations, which may adversely impact demand for our products and services.

In addition to state laws, local land use restrictions, such as city ordinances, may restrict drilling in general and/or hydraulic fracturing in particular. If new federal, state or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly to perform hydraulic fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could result in decreased oil and natural gas E&P activities and, therefore, adversely affect demand for our services and our business. Such laws or regulations could also materially increase our costs of compliance and doing business.

Historically, our environmental compliance costs have not had a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects; however, there can be no assurance that such costs will not be material in the future. It is possible that substantial costs for compliance or penalties for noncompliance may be incurred in the future. Moreover, it is possible that other developments, such as the adoption of stricter environmental laws, regulations and enforcement policies, could result in additional costs or liabilities that we cannot currently quantify.

State and Local Regulation

Our operations, and the operations of our customers, are subject to a variety of state and local environmental review and permitting requirements. Some states have state laws similar to major federal environmental laws and thus our operations are also subject to state requirements that may be more stringent than those imposed under federal law. For example, initiatives have been underway in the State of Colorado to limit or ban crude oil and natural gas exploration, development or operations. On April 16, 2019, the Governor of Colorado signed Senate Bill 19-181 (“SB 181”) into law. The legislation makes sweeping changes in Colorado oil and gas law, including, among other matters, requiring the Colorado Oil and Gas Conservation Commission (“COGCC”) to prioritize public health and environmental concerns in its decisions. In keeping with SB 181, COGCC has adopted comprehensive rule changes covering a variety of matters related to public health, safety, welfare, wildlife, and environmental resources. Most significantly, these rule changes establish more stringent setbacks (2,000-foot, instead of the prior 500-foot) on new oil and gas development and eliminate routine flaring and venting of natural gas at new and existing wells across the state, each subject to only limited exceptions. Some local communities have adopted, or are considering adopting, additional restrictions for oil and gas activities, such as requiring even greater setbacks. Additionally, on December 17, 2021, the Colorado Air Quality Control Commission adopted regulations aimed at curbing methane emissions from oil and gas operations to include setting methane emission limits per 1,000 barrels of oil equivalent produced, more frequent inspections, and limits on emissions during maintenance.

Our operations may require state-law based permits in addition to federal permits, requiring state agencies to consider a range of issues, many the same as federal agencies, including, among other things, a project’s impact on wildlife and their habitats, historic and archaeological sites, aesthetics, agricultural operations and scenic areas. Texas has specific permitting and review processes for oilfield service operations, and state agencies may impose different or additional monitoring or mitigation requirements than federal agencies. The development of new sites and our existing operations also are subject to a variety of local environmental and regulatory requirements, including land use, zoning, building and transportation requirements.

Motor Carrier Operations

We operate as a motor carrier and therefore are subject to regulation by DOT and various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations; regulatory safety; hazardous materials labeling, placarding and marking; financial reporting; and certain mergers, consolidations and acquisitions. There are additional regulations specifically relating to the trucking industry, including requirements related to testing and weight and dimension specifications of equipment, drug testing and product handling. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of

providing truckload services. Some of these possible changes include increasingly stringent environmental regulations and fuel economy requirements, changes in the hours of service regulations which govern the amount of time driven in any specific period and requiring onboard black box recorder devices or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by the DOT. Intrastate motor carrier operations are subject to safety regulations that often mirror federal regulations. Such matters as weight and dimension of equipment are also subject to federal and state regulations. DOT regulations also mandate drug testing of drivers. From time to time, various legislative proposals are introduced, including proposals to increase federal, state or local taxes, including taxes on motor fuels, which may increase our costs or adversely impact the recruitment of drivers. We cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 are available free of charge at our website at <http://www.rangerenergy.com>, as soon as reasonably practicable after having been electronically filed or furnished to the U.S. Securities and Exchange Commission (the "SEC"). The SEC maintains an internet site that contains reports, proxy, information statements and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>, including us.

Item 1A. Risk Factors

You should carefully consider the information in this Annual Report, including the matters addressed under “Cautionary Statement Regarding Forward-Looking Statements” and the following risks before making an investment decision. If any of the following risks actually occur, the trading price of our Class A Common Stock could decline, and you may lose all or part of your investment. Additional risks not presently known to us or that we currently deem immaterial could also materially affect our business.

Risks Related to Our Operations

Our operations are subject to inherent risks, some of which are beyond our control. These risks may be self-insured, or may not be fully covered under our insurance policies.

Our operations are subject to hazards inherent in the oil and natural gas industry, such as, but not limited to, accidents, blowouts, explosions, craterings, fires, oil spills and releases of drilling, completion or fracturing fluids or hazardous materials or pollutants into the environment. These conditions can cause:

- disruption or suspension of operations;
- substantial repair or replacement costs;
- personal injury or loss of human life;
- significant damage to or destruction of property and equipment;
- environmental pollution, including groundwater contamination;
- unusual or unexpected geological formations or pressures and industrial accidents; and
- substantial revenue loss.

In addition, our operations are subject to, and exposed to, employee/employer liabilities and risks such as claims relating to wrongful termination, discrimination, labor organizing, retaliation and general human resource-related matters.

The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and may increase our costs. Claims for loss of oil and natural gas production and damage to formations can occur in the well services industry. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used may result in our being named as a defendant in lawsuits asserting large claims. Similarly, our operations involve the storage, handling and use of explosives. Accidents resulting from the use of explosives in our operations could expose us to reputational risks and liability for damages or otherwise adversely impact our operations or the operations of our customers. Any such occurrences could have a material adverse effect on our operating results, financial condition and cash flows.

We do not have insurance against all risks, either because insurance is not available or because of high premium costs. The occurrence of an event not fully insured against or the failure of an insurer to meet its insurance obligations could result in substantial losses. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable. Insurance may not be available to cover any or all of the risks to which we are subject, or, even if available, it may be inadequate, or insurance premiums or other costs could rise significantly in the future so as to make such insurance prohibitively expensive.

Seasonal weather conditions, climate change, severe weather events and natural disasters could severely disrupt normal operations and harm our business.

Our operations are located in different regions of the United States. Some of these areas, including the Denver-Julesburg Basin and the Bakken Shale, are adversely affected by seasonal weather conditions. During periods of heavy snow, ice, wind or rain, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenue, or we could suffer weather-related damage to our facilities and equipment, resulting in delays in operations. The exploration activities of our customers may also be affected during such periods of adverse weather conditions. Additionally, extended drought conditions in our operating regions could impact our ability or our customers' ability to source sufficient water or increase the cost for such water. As a result, a natural disaster, severe weather event, or

inclement weather conditions could severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations.

Moreover, climate change may result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact us, our customers', and our suppliers' operations. Such physical risks may result in damage to our customers' facilities or otherwise adversely impact our operations, such as if facilities are subject to water use curtailments in response to drought, or demand for our customers' products, such as to the extent warmer winters reduce the demand for energy for heating purposes, which may ultimately reduce demand for the products and services we provide. Such physical risks may also impact our suppliers, which may adversely affect our ability to provide our products and services. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Our business could be harmed by geographical and terrorist threats, armed conflicts or civil unrest.

The occurrence or threat of geographical or terrorist threats in the United States or other countries, anti-terrorist efforts and other armed conflicts involving the United States or other countries, including continued hostilities in the Middle East or domestic civil unrest, may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. For example, on February 24, 2022, Russia launched a large-scale invasion of Ukraine that has led to significant armed hostilities. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. If current hostilities continue or escalate, or any other such events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenue. Oil and natural gas-related facilities could be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

The widespread outbreak of disease, including the reemergence of COVID-19 including through new variants, and its potential effect on business operations and financial condition.

The outbreak of COVID-19 spread across the globe and was declared a public health emergency by the World Health Organization ("WHO") and a National Emergency by the President of the United States in March of 2020. The COVID-19 pandemic resulted in significant economic disruption and adversely affected the operations of the Company's business, and reduced global and national economic activity resulted in reduced demand for oil and natural gas and an oversupply of crude oil. The direct impact to the Company's operations began to take affect at the close of the first quarter ended March 31, 2020, and continued in the year ended December 31, 2022. Significant progress has been made to combat COVID-19 and its multiple variants. While the effects to our operations and financial results have largely abated due to such progress, the reemergence of COVID-19 including through new variants or the outbreak of another widespread disease or pandemic could impact the Company's operational and financial performance, depending on further developments, including the severity of the disease, duration, the spread of the disease and the impact on our personnel, customer activity and third-party providers.

Industry and Economic Conditions and Competition

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

Our business is directly affected by our customers' capital spending to explore for, develop and produce oil and natural gas in the United States. A significant decline in oil and natural gas prices may cause a reduction in the exploration, development and production activities of most of our customers and their spending on our services. Cuts in spending may curtail drilling programs and result in a reduction in the demand for our services, as well as in the prices we can charge. In addition, certain of our customers could become unable to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced discovery rates of new oil and natural gas reserves in our areas of operation as a result of decreased capital spending may also have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices, to the extent the reduced number of wells that need our services or equipment more than offsets new drilling and completion activity and complexity. Any of these conditions or events could adversely affect our operating results. If the recent recovery does not continue or our customers fail to further increase their capital spending, it could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Industry conditions are influenced by numerous factors over which we have no control, including:

- domestic and foreign economic conditions and supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level and cost of global and domestic oil and natural gas exploration, production, transportation of reserves and delivery;
- taxes and governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- political and economic conditions in oil and natural gas producing countries;
- actions by the members of the Organization of Petroleum Exporting Countries (“OPEC”) and other countries, such as Russia and Saudi Arabia, with respect to oil production levels and announcements of potential changes in such levels, including the failure of such countries to comply with production cuts;
- sanctions and other restrictions placed on oil producing countries, such as Iran and Venezuela;
- global weather conditions and natural disasters;
- worldwide political, military and economic conditions;
- the discovery rates of new oil and natural gas reserves;
- shareholder activism or activities by non-governmental organizations to restrict the exploration, development and production of oil and natural gas; and
- uncertainty in capital and commodities markets.

Our business could be adversely affected by general economic conditions or a weakening of the broader energy industry, and inflation or recession may adversely affect our financial position and operating results.

A prolonged economic slowdown or recession, adverse events relating to the energy industry, or regional, national, or global economic conditions and factors, particularly a slowdown in the E&P industry, could negatively impact our operations and therefore adversely affect our results. The risks associated with our business are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased spending by our customers and decreased demand and prices for oil and natural gas. Inflationary factors, such as increases in the labor costs, material costs, and overhead costs, may also adversely affect our financial position and operating results.

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

Prices of oil and gas products are set on a commodity basis. The demand for our services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility, or the perception that oil or natural gas prices will decrease, affects the spending patterns of our customers and may result in the drilling of fewer new wells. This could lead to decreased demand for our services and lower utilization of our assets. We have, and may in the future, experience significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices. Prices for oil and natural gas historically have been extremely volatile and are expected to continue to be volatile.

Fuel conservation measures could reduce demand for oil and natural gas which would in turn reduce the demand for our services.

Fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to oil and natural gas products could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas may have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Additionally, the increased competitiveness of alternative energy sources (such as wind, solar, geothermal, tidal, and biofuels) could reduce demand for hydrocarbons and therefore for our services, which would lead to a reduction in our revenue.

We may incur significant capital expenditures for new equipment as we grow our operations and may be required to incur further capital expenditures as a result of environmental initiatives, new regulatory requirements, and advancements in oilfield services technologies.

As we grow our operations, we may be required to incur significant capital expenditures to build, acquire, update or replace our existing fixed assets and other equipment. Such demands on our capital and the increase in cost of labor necessary to operate such assets and other equipment could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and may increase our costs. 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 current or potential customers.

In addition, because the oilfield services industry is characterized by significant technological advancements and introductions of new products and services using new technologies, we may lose market share or be placed at a competitive disadvantage as competitors and others use or develop new technologies or technologies comparable to ours in the future. Further, we may choose to implement or acquire certain new technologies at a substantial cost to support environmental initiatives, respond to competitive pressure, meet new regulatory requirements, or satisfy customer requirements. Some of our competitors may have greater financial, technical and personnel resources than we do, which may allow them to gain technological advantages or implement new technologies before we can. Additionally, we may be unable to implement new technologies or services on a timely basis, at an acceptable cost or at all.

In addition to technological advancements by our competitors, new technology could also make it easier for our customers to vertically integrate their operations or otherwise conduct their activities without the need for our equipment and services, thereby reducing or eliminating the need for our services. For example, if further advancements in drilling and completion techniques cause our E&P customers to require well service rigs with different or higher specifications than those in our existing and expected future fleet, or to otherwise require well service equipment that we do not currently own or operate, we may be required to incur significant additional capital expenditures to obtain any such new rigs or other equipment in an effort to meet customer demand. Limits on our ability to effectively obtain, use, implement or integrate new technologies may have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

We may have difficulty managing growth in our business, which could adversely affect our financial condition and results of operations.

Growth in accordance with our business plan, if achieved, could place a significant strain on our financial, operational and management resources. As we expand the scope of our activities and our geographic coverage through both organic growth and acquisitions, there will be additional demands on our financial, technical, operational and management resources. The failure to continue to upgrade our technical, administrative, operating and financial control systems or the occurrences of unexpected expansion difficulties, including the failure to recruit and retain experienced managers, engineers and other professionals in the oilfield services industry, could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects and our ability to successfully or timely execute our business plan.

We face intense competition that may cause us to lose market share and could negatively affect our ability to market our services and expand our operations.

The oilfield services business is highly competitive and fragmented. Some of our competitors are small companies capable of competing effectively in our markets on a local basis, while others have a broader geographic scope, greater financial and other resources, or other cost efficiencies. Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. Additionally, there may be new companies that enter our business, or re-enter our business with significantly reduced indebtedness following emergence from bankruptcy, or our existing and potential customers may develop their own oilfield services business. Our ability to maintain current revenue and cash flows, and our ability to market our services and expand our operations, could be adversely affected by the activities of our competitors and our customers. If our competitors substantially increase the resources they devote to the development and marketing of competitive services or substantially decrease the prices at which they offer their services, we may be unable to effectively compete. Many contracts are awarded on a bid basis, which may further increase competition based primarily on price. The competitive environment may be further intensified by mergers and acquisitions among oil and natural gas companies or other events that have the effect of reducing the number of available customers. All of these competitive pressures could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Some of our larger competitors provide a broader range of services on a regional, national or worldwide basis. These companies may have a greater ability to continue oilfield service activities during periods of low commodity prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Any inability to compete effectively could have a material adverse impact on our financial condition and results of operations.

Increasing competition for workers, as well as labor shortages, could adversely affect our business.

A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, increased competition for employees both within the oilfield service industry and the larger labor market, federal unemployment subsidies and government regulations. Although we have not experienced any material labor shortages to date, we have observed an increasingly competitive labor market. The increasing competition for employees could result in higher compensation costs and difficulties in maintaining a capable workforce to operate our equipment. If we are unable to hire and retain employees, or if mitigation measures we may take to respond to a decrease in labor availability have unintended negative effects, our business could be adversely affected. A sustained labor shortage, lack of skilled labor force, increased turnover, or labor cost inflation, as a result of general macroeconomic and other factors, could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, which could negatively affect our ability to efficiently staff and operate our equipment, deploy additional assets to meet customer demand, and have other adverse effects on our results of operations and financial condition.

Customers and Employees

Reliance upon a few large customers may adversely affect our revenue and operating results.

If a major customer fails to pay us, our revenue would be impacted and our operating results and financial condition could be materially harmed. During times when the natural gas or crude oil markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our services and their non-payment or inability to perform obligations owed to us. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense or loss of expected revenue to us. If we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels or within a short period of time and such loss could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects until the equipment is redeployed at similar utilization or pricing levels. It is likely that we will continue to derive a significant portion of our revenue from a relatively small number of customers in the future.

During the year ended December 31, 2022, one customer accounted for approximately 10% of our consolidated revenues. The table below presents the percentage of revenue, for each respective segment, from our top five customers for the years ended December 31, 2022 and 2021.

	Year Ended December 31,	
	2022	2021
High Specification Rigs	55 %	47 %
Wireline Services	16 %	68 %
Processing Solutions and Ancillary Services	29 %	38 %
Consolidated	36 %	42 %

Our customers may be forced to curtail or shut in production due to a lack of storage capacity.

The marketing of oil, natural gas and NGLs production depends in large part on the availability, proximity and capacity of trucks, pipelines and storage facilities, gas gathering systems and other transportation, processing and refining facilities, as well as the existence of adequate markets. Reduced demand for oil and natural gas and/or oversupply of oil and natural gas in the market may limit or make up available storage and transportation capacity for our customers' production. If there is insufficient capacity available on these systems, if these systems are unavailable to our customers, or if these systems are unavailable to our customers on commercially reasonable terms, the prices our customers receive for their production could be significantly depressed.

As a result of any further storage and/or transportation shortages, our customers could be forced to shut in some or all of their production or delay or discontinue drilling plans and commercial production following a discovery of hydrocarbons while they construct or purchase their own facilities or system. If our customers are forced to shut in production, it would result in decreased demand for our services and lower utilization of our assets.

We rely on a few key employees whose absence or loss could adversely affect our business.

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

Unsatisfactory safety performance may negatively affect our current and future customer relationships and, to the extent we fail to retain existing customers or attract new customers, adversely impact our revenue.

Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business in a manner that is consistent with applicable laws, rules and permits, which legal requirements are subject to change. Existing and potential customers consider the safety record of their third-party service providers to be of high importance in their decision to engage such providers. If one or more accidents were to occur at one of our operating sites, the affected customer may seek to terminate or cancel its use of our equipment or services and may be less likely to continue to use our services, which could cause us to lose substantial revenue. Furthermore, our ability to attract new customers may be impaired if they view our safety record as unacceptable. In addition, it is possible that we will experience multiple or particularly severe accidents in the future, causing our safety record to deteriorate. This may be more likely as we continue to grow, if we experience high employee turnover or labor shortage, or hire inexperienced personnel to bolster our staffing needs.

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

Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. Litigation arising from our operations may cause us to be named as a defendant in lawsuits asserting potentially large claims, including claims for defense, indemnity, and exemplary damages. We maintain what we believe is customary and reasonable insurance to protect our business against these potential losses, but such insurance may not be adequate to cover our liabilities, and we are not fully insured against all risks.

Subject to certain exceptions, our customers typically assume responsibility for, including control and removal of, all other pollution or contamination which may occur during operations and originate below the surface, including that which may result from blowout, seepage or any other uncontrolled flow of drilling and completion fluids. We may have liability in such cases if we are negligent or commit willful acts. Our customers generally agree to indemnify and defend us against claims relating to damage or loss of a well, reservoir, geological formation, underground strata, or water resources, or the loss of oil, gas, mineral, or water, but sometimes such indemnity and defense is subject to exceptions for claims for gross negligence or willful misconduct, or our assumption of capped liability. Our customers also generally assume responsibility for claims arising from their employees' personal injury or death, or the damage or loss of their property, to the extent that, in the case of our operations, their employees are injured or their properties are damaged by such operations, but sometimes such indemnity and defense is subject to exceptions for claims, resulting from our gross negligence or willful misconduct. In turn, we generally agree to indemnify and defend our customers for loss or destruction of our property or equipment and for liabilities arising from personal injury to or death of any of our employees, but sometimes such indemnity and defense is subject to exceptions for claims resulting from gross negligence or willful misconduct of the customer. However, we might not succeed in enforcing such contractual allocation or might incur an unforeseen liability falling outside the scope of such allocation. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

We provide services to customers who operate on federal and tribal lands, which are subject to additional regulations.

We provide services to companies operating on federal and tribal lands. Various federal agencies within the U.S. Department of the Interior, particularly the BLM and the Bureau of Indian Affairs, along with certain Native American tribes, promulgate and enforce regulations pertaining to oil and natural gas operations on Native American tribal lands and minerals where some of our customers operate. Such operations are subject to additional regulatory requirements, including lease provisions, drilling and production requirements, surface use restrictions, environmental standards, royalty considerations and taxes. Operations on federal and tribal lands are frequently subject to delays.

In November 2016, the BLM finalized a rule regulating the venting and flaring of natural gas, leak detection, air emissions from equipment, well maintenance and unloading, drilling and completions and royalties potentially owed for loss of such emissions from oil and natural gas facilities producing on federal and tribal leases. In September 2018, the BLM published a revised rule which rescinded and revised several components of the 2016 rule. However, in July 2020 and October 2020, federal district courts in California and Wyoming, respectively, vacated these rulemakings, and on January 20, 2021, President Biden published an executive order calling for the review and potential revision of the September 2018 rule. Because of the foregoing, methane requirements on federal land remain uncertain at this time.

The EPA also issued a Federal Implementation Plan ("FIP") in June 2016 to implement the Federal Minor New Source Review Program on tribal lands for oil and natural gas production. The FIP creates a permit-by-rule process for minor air

sources that also incorporates emission limits and other requirements under various federal air quality standards, applying them to a range of equipment and processes used in oil and natural gas production. Neither the FIP nor the revisions apply in areas of ozone nonattainment, except, as the result of a May 2019 rule, to the Indian country portion of the Uinta Basin Ozone Nonattainment Area. As a result, the EPA may impose area-specific regulations in certain areas identified as tribal lands that may require additional emissions controls on existing equipment. Such requirements will likely result in increased operating and compliance costs for our customers in these regions. Additionally, the Biden Administration has taken several actions to curtail oil and gas development on federal lands. For more information, see our regulatory disclosure titled “Hydraulic Fracturing.”

Depending on the ultimate outcome of any agency reviews and pending litigation, these regulations could result in increased compliance costs or additional operating restrictions for us and our customers, and could have a material adverse effect on our business, liquidity position, cash flows, financial condition, results of operations, prospects and demand for our services.

Governmental and Regulatory Matters

Increases in the scope or pace of midstream infrastructure development, or decreased federal or state regulation of natural gas pipelines, could decrease demand for our services.

Increases in the scope or pace of midstream infrastructure development could decrease demand for our services. Our processing solutions are designed for the processing of rich natural gas streams at the wellhead or central gathering points in basins where drilling and completion activity has outpaced the development of permanent processing infrastructure. Specifically, our modular MRUs are used by our customers to meet pipeline specifications, extract higher value NGLs, provide fuel gas for well sites and facilities and reduce emissions at the flare tip, services that are generally required when E&P companies drill oil and natural gas wells in basins without immediate access to sufficient midstream infrastructure and takeaway capacity. To the extent that permanent midstream infrastructure is developed in the basins in which we operate, or the pace of existing development is accelerated as a result of customer demand, the demand for our processing solutions could decrease.

In addition, there has recently been increasing public controversy regarding construction of new natural gas pipelines and the stringency of current regulation of natural gas pipelines, creating uncertainty as to the probability and timing of such construction. Decreases to the stringency of regulation of existing natural gas pipelines at either the state or federal level could reduce the demand for our services and could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Delays or restrictions in obtaining permits by us for our operations or by our customers for their operations could impair our business.

In most states, our operations and the operations of our customers require permits from one or more governmental agencies in order to perform drilling and completion activities, secure water rights, or other regulated activities. Such permits are typically issued by state agencies, but federal and local governmental permits may also be required. The requirements for such permits vary depending on the location where such regulated activities will be conducted. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions that may be imposed in connection with the granting of the permit. In addition, some of our customers’ drilling and completion activities may take place on federal land or Native American lands, requiring leases and other approvals from the federal government or Native American tribes to conduct such drilling and completion activities or other regulated activities. Under certain circumstances, federal agencies may cancel proposed leases for federal lands and refuse to grant or delay required approvals. Therefore, our customers’ operations in certain areas of the United States may be interrupted or suspended for varying lengths of time, causing a loss of revenue to us and adversely affecting our results of operations in support of those customers.

Federal or state legislative and regulatory initiatives related to induced seismicity could result in operating restrictions or delays in the drilling and completion of oil and natural gas wells that may reduce demand for our services and could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Our oil and natural gas customers dispose of flowback and produced water or certain other oilfield fluids gathered from oil and natural gas producing operations in accordance with permits issued by government authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. One such concern relates to seismic events near underground disposal wells used for the disposal by injection of flowback and

produced water or certain other oilfield fluids resulting from oil and natural gas activities. When caused by human activity, such events are called induced seismicity.

In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. From time to time regulators develop and implement plans directing certain wells located in proximity to seismic incidents to restrict or suspend disposal well operations. For example, in September 2021, the TRRC issued a notice to disposal well operators in the Gardendale Seismic Response Area near Midland, Texas to reduce daily injection volumes following multiple earthquakes above a 3.5 magnitude over an 18 month period. The notice also required disposal well operators to provide injection data to TRRC staff to further analyze seismicity in the area. Subsequently, the TRRC ordered the indefinite suspension of all deep oil and gas produced water injection wells in the area, effective December 31, 2021. In addition, ongoing lawsuits allege that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by our customers to dispose of flowback and produced water and certain other oilfield fluids. Increased regulation and attention given to induced seismicity also could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing injection wells for waste disposal.

Any one or more of these developments may result in our customers having to limit disposal well volumes, disposal rates or locations, or require our customers or third party disposal well operators that are used to disposals of customers' wastewater to shut down disposal wells, which developments could adversely affect our customers' business and result in a corresponding decrease in the need for our services, which could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

Changes in transportation regulations may increase our costs and negatively impact our results of operations.

We are subject to various transportation regulations including as a motor carrier by the DOT and by various federal, state and tribal agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our trucking operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing, driver requirements and specifications and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period, requirements for onboard black box recorder devices or limits on vehicle weight and size. To the extent the federal government continues to develop and propose regulations relating to fuel quality, engine efficiency and GHG, we may experience an increase in costs related to truck purchases and maintenance, impairment of equipment productivity, a decrease in the residual value of vehicles, unpredictable fluctuations in fuel prices and an increase in operating expenses. Increased truck traffic may contribute to deteriorating road conditions in some areas where our operations are performed.

Further, our operations could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads, including through routing and weight restrictions. In recent years, certain states, such as North Dakota and Texas, and certain counties have increased enforcement of weight limits on trucks used to transport raw materials, such as the fluids that we transport in connection with our fluids management services, on their public roads. It is possible that the states, counties and cities in which we operate our business may modify their laws to further reduce truck weight limits or impose curfews or other restrictions on the use of roadways. Such legislation and enforcement efforts could result in delays, and increased costs, in transporting fluids and otherwise conduct our business. Proposals to increase federal, state or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase would increase our operating costs. Also, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations.

We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to numerous federal, regional, state and local laws and regulations relating to protection of natural resources and the environment, occupational health and safety, air emissions and water discharges, and the management, transportation and disposal of solid and hazardous wastes and other materials. These laws and regulations impose numerous obligations that may impact our operations, including the acquisition of permits to conduct regulated activities, the imposition of restrictions on the types, quantities and concentrations of various substances that can be released into the environment or injected in formations in connection with oil and natural gas drilling and production activities, the

incurrence of capital expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety standards or criteria addressing worker protection. Any failure on our part or the part of our customers to comply with these laws and regulations could result in prohibitions or restrictions on operations, assessment of sanctions including administrative, civil and criminal penalties, issuance of corrective action orders requiring the performance of investigatory, remedial or curative activities or enjoining performance of some or all of our operations in a particular area, the occurrence of delays in the permitting or performance of projects and/or government or private claims for personal injury or property or natural resources damages.

Our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling and disposal of oilfield and other wastes, air emissions and wastewater discharges related to our operations and the historical operations and waste disposal practices of our predecessors. Moreover, accidental releases or spills may occur in the course of our operations, and we could incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. In addition, private parties, including the owners of properties upon which we perform services and facilities where our wastes are taken for reclamation or disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for noncompliance with environmental laws and regulations or for personal injury or property or natural resource damages. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability even if our conduct was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties.

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 reinterpretation 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 if we are unable to pass on such increased compliance costs to our customers. Our customers may also incur increased costs or delays or restrictions in permitting or operating activities as a result of more stringent environmental laws and regulations, which may result in a curtailment of exploration, development or production activities that would reduce the demand for our services.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect demand for our support services.

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. While we do not perform hydraulic fracturing, many of our customers do.

Hydraulic fracturing typically is regulated by state oil and natural gas commissions, but the EPA has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuel and issued permitting guidance in 2014 that applies to such activities. In addition, in June 2016, the EPA finalized regulations that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants.

In December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that “water cycle” activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. Since the report did not find a direct link between hydraulic fracturing itself and contamination of groundwater resources, this years-long study report does not appear to provide any basis for further regulation of hydraulic fracturing at the federal level at this time.

However, certain of our customers have operations on federal or tribal lands. The Biden Administration has announced that it is considering more stringent regulations for operations on such lands, and in January 2021, President Biden issued an executive order suspending new leasing activities, but not operations under existing leases, for oil and gas exploration and production on non-Indian federal lands pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities on such lands and waters. Although the federal court for the Western District of Louisiana issued a preliminary injunction against the leasing pause, in response to the executive order, the Department of Interior issued a report recommending various changes to the federal leasing program, though many such changes would require Congressional action. As a result, we cannot predict the final scope of regulations or restrictions that may apply to oil and gas operations on federal lands. However, any regulations that ban or effectively ban such operations may adversely impact demand for our products and services.

Various state and local governments have also implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permit requirements, operational restrictions, disclosure requirements, well construction, and temporary or permanent bans on hydraulic fracturing in certain areas. For example, in April 2019, the State of Colorado adopted Senate Bill 19-181 which made sweeping changes to Colorado oil and gas law to include the adopting of rules to minimize emissions of methane and other air contaminants and the prioritization of public health and environmental concerns in decisions made by the COGCC. In keeping with these changes, in November 2020, COGCC made substantial revisions to several regulations concerning protections for public health, safety, welfare, wildlife, and environmental resources. For further information, see our disclosure “Part I, Item 1. Business — State and Local Regulations.” In addition, state and federal regulatory agencies have recently focused on a possible connection between the disposal of wastewater in underground injection wells and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. In response to these concerns, regulators in some states are seeking to impose additional requirements on hydraulic fracturing fluid disposal practices, including restrictions on the operations of produced water disposal wells and imposing more stringent requirements on the permitting of such wells. For more information, see our regulatory disclosure titled “Hydraulic Fracturing.” The adoption and implementation of any new laws or regulations that restrict our customers’ ability to dispose of produced water could result in increased operating costs for the customer, which in turn could indirectly reduce demand for our services.

Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular. If new federal, state or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly to perform hydraulic fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could result in decreased oil and natural gas E&P activities and, therefore, adversely affect demand for our services and our business. Such laws or regulations could also materially increase our costs of compliance and doing business.

Our operations, and those of our customers, are subject to a series of risks arising from climate change.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. 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 regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHG.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has highlighted addressing climate change as a priority of his administration, which includes certain potential initiatives for climate change legislation to be proposed and passed into law. Moreover, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. The federal regulation of methane emissions from oil and gas facilities has been subject to substantially controversy in recent years. For more information, please see our regulatory disclosure titled “Air Emissions.” Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, the United Nations-sponsored Paris Agreement requires member states to submit non-binding individually-determined reduction goals every five years after 2020. Following President Biden’s executive order in January 2021, the United States rejoined the Paris Agreement and, in April 2021, established a goal of reducing economy-wide net GHG emissions 50-52% below 2005 levels by 2030. Additionally, at the 26th Conference of the Parties (“COP26”) in Glasgow in November 2021, the United States and the European Union jointly announced the launch of a Global Methane Pledge, an initiative committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including “all feasible reductions” in the energy sector. However, the impacts of these actions remain unclear at this time.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates for political office. These have included promises to pursue actions to limit emissions and curtail the production of oil and gas on federal land. For more information, see our regulatory disclosure titled “Hydraulic Fracturing.” Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission

limitations for oil and gas facilities. Litigation risks are also increasing, as a number of parties have sought to bring suit against certain oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts.

There are also increasing financial risks for companies in the fossil fuel sector as shareholders currently invested in fossil fuel-related companies may elect in the future to shift some or all of their investments to other 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. For example, at COP26, the Glasgow Financial Alliance for Net Zero (“GFANZ”) announced that commitments from over 450 firms across 45 countries had resulted in over \$130 trillion in capital committed to net zero goals. The various suballiances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. 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. In late 2020, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. Subsequently, the Federal Reserve has issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. Additionally, the Securities and Exchange Commission announced its intention to promulgate rules requiring climate disclosures. Although the form and substance of these requirements is not yet known, this may result in additional costs to comply with any such disclosure requirements.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG 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 GHG 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, political, 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. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation.

Moreover, climate change may result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact us, our customers’, and our suppliers’ operations. For more information, see our risk factor titled “Seasonal weather conditions and natural disasters could severely disrupt normal operations and harm our business.”

Increased attention to environmental, social, and governance (“ESG”) matters and conservation measures may adversely impact our or our customers’ business.

Increasing attention to, and societal expectations on companies to address, climate change and other environmental and social impacts, 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 customers’ products, 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 and additional governmental investigations and private litigation against us or our customers. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. For more information, see our risk factor titled “Our operations, and those of our suppliers and customers, are subject to a series of risks arising from climate change.”

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, certain statements in those voluntary disclosures may be 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. Additionally, we may announce various targets or product and service offerings in an attempt to improve our ESG profile. However, we cannot guarantee that we will be able to meet any such targets or that such targets or offerings will have the intended results on our ESG profile, including but not limited to as a result of unforeseen

costs, consequences, or technical difficulties associated with such targets or offerings. Also, despite any voluntary actions, we may receive pressure from certain investors, lenders, or other groups to adopt more aggressive climate or other ESG-related goals or policies, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles.

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. Additionally, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations.

The Endangered Species Act and Migratory Bird Treaty Act and other restrictions intended to protect certain species of wildlife govern our and our customers' operations and additional restrictions may be imposed in the future, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our customers' ability to develop new oil and natural gas wells.

Oil and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, which may limit our ability to operate in protected areas. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures.

For example, to the extent species that are listed under the Endangered Species Act or similar state laws, or are protected under the Migratory Bird Treaty Act, or the designation of previously unprotected species as threatened or endangered in areas where we or our customers operate could cause us or our customers to incur increased costs arising from species protection measures and could result in delays or limitations in our or our customers' performance of operations, which could adversely affect or reduce demand for our services.

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

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

Cybersecurity and Data Privacy

We may be subject to interruptions or failures in our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support our business, including process control technology. Any of these systems are susceptible to outages due to fire, floods, power loss, telecommunications failures, usage errors by employees, computer viruses, cyberattacks or other security breaches or similar events. The failure of any of our information technology systems may cause disruptions in our operations, which could adversely affect our revenue and profitability.

We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

We depend on information technology systems that we manage, and others that are managed by our third-party service and equipment providers, to conduct our day-to-day operations, including critical systems, and these systems are subject to risk associated with cyber incidents or attacks, especially originating from countries such as China, Russia, Iran, and North Korea as broadly reported in the media. Our technology systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches. A cyber incident could negatively impact the Company in a number of ways, including but not limited to (i) remediation costs, such as liability for stolen assets or information and repairs of system damage; (ii) increased cybersecurity protection costs, which may include the costs of making organizational changes, deploying additional personnel and protection technologies, training employees, and

engaging third party experts and consultants; (iii) lost revenue resulting from downtime, operational disruptions, the unauthorized use of proprietary information or the failure to retain or attract customers following an attack; (iv) litigation and legal risks, including regulatory actions by state and federal governmental authorities and non-U.S. authorities; (v) increased insurance premiums; (vi) reputational damage that adversely affects customer or investor confidence; (vii) the loss, theft, corruption or unauthorized release of intellectual property, proprietary information, customer and vendor data or other critical data and (viii) damage to the company's competitiveness, stock price, and long-term shareholder value. Certain cyber incidents, such as surveillance, may remain undetected for an extended period of time. As the sophistication of cyber incidents continues to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our insurance coverage for cyberattacks may not be sufficient to cover all the losses we may experience as a result of such cyberattacks.

Risks Related to Our Ownership and Capital Structure

Financial Leverage and Liquidity

We have debt obligations, and any additional future indebtedness, could adversely affect our financial condition.

As of December 31, 2022 and 2021 our total debt was \$18.6 million and \$63.2 million, respectively.

We may also incur additional indebtedness in the future. If we do so, the risks related to our level of debt could intensify. Our indebtedness could have adverse consequences, including:

- we may fail to comply with the various covenants in instruments governing any existing or future indebtedness;
- we may be unable to obtain financing in the future for working capital, capital expenditures, acquisitions, share repurchases, general corporate or other purposes;
- we may be unable to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- we could become more vulnerable to general adverse economic and industry conditions, including increases in interest rates, to the extent that we incur variable rate indebtedness; or
- we may be competitively disadvantaged compared to our competitors that have greater access to capital resources.

Our Revolving Credit Facility subjects us to various financial and other restrictive covenants. These restrictions may limit our operational or financial flexibility and could subject us to potential defaults under our Revolving Credit Facility.

Our Revolving Credit Facility subjects us to significant financial and other restrictive covenants, such that our ability to comply with financial condition tests can be affected by events beyond our control, including economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. Further, the borrowing base of our Revolving Credit Facility is dependent upon our receivables, which may be significantly lower in the future due to reduced activity levels or decreases in pricing for our services. Changes to our operational activity levels have an impact on our total eligible accounts receivable, which could result in significant changes to our borrowing base and therefore our availability under our Revolving Credit Facility. If we are unable to remain in compliance with the financial covenants of our Revolving Credit Facility, then amounts outstanding thereunder may be accelerated and become due immediately. Any such acceleration could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects.

In the event that we are unable to access sufficient capital to fund our business and planned capital expenditures, we may be required to curtail potential acquisitions, strategic growth projects, portions of our current operations and other activities. A lack of capital could result in a decrease in our operations, subject us to claims of breach under customer and supplier contracts and may force us to sell some of our assets or issue additional equity on an untimely or unfavorable basis, each of which could adversely affect our business, financial condition, results of operations and cash flows.

Our Revolving Credit Facility contains certain financial and other restrictive covenants, including a certain minimum fixed charge coverage ratio during certain testing periods. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the value of the Company's eligible accounts receivable less certain reserves. The Revolving Credit Facility includes cash dominion provisions where the Administrative Agent sweeps cash daily from the Company's bank accounts into an account of the Administrative Agent to repay the Company's obligations under the Revolving Credit Facility.

The growth of our business through potential future acquisitions or mergers may expose us to various risks, including those relating to difficulties in identifying suitable, accretive acquisition or merger opportunities and integrating businesses, assets and personnel, as well as difficulties in obtaining financing for targeted acquisitions and the potential for increased leverage or debt service requirements.

We will continue to pursue selected, accretive acquisitions of complementary assets and businesses. Acquisitions and mergers involve numerous risks, including:

- unanticipated costs and exposure to liabilities assumed in connection with the acquired business or assets, including, but not limited to, environmental liabilities;
- difficulties in integrating the operations and assets of the acquired business and the acquired personnel;
- limitations on our ability to properly assess and maintain an effective internal control environment over an acquired business;
- potential losses of key employees and customers of the acquired business;
- risks of entering markets in which we have limited prior experience; and
- increases in our expenses and working capital requirements.

Our ability to achieve the anticipated benefits of any acquisition will depend, in part, upon whether we can integrate the acquired or merged business and/or assets into our existing business in an efficient and effective manner. The process of integrating an acquired or merged business, including in connection with our corporate reorganization, may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a significant amount of time and resources. Our failure to incorporate the acquired or merged business and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, liquidity position, financial condition, results of operations and prospects. Further, any acquisition may involve other risks that may cause our business to suffer, including:

- diversion of our management's attention to evaluating, negotiating for and integrating acquired assets;
- the challenge and cost of integrating acquired assets with those of ours while carrying on our ongoing business; and
- the failure to realize the full benefits anticipated from the acquisition or to realize these benefits within our expected time frame.

Because the historical utilization rates of any acquired assets may be lower than ours in recent periods, our utilization could decrease during the course of an initial integration period. Accordingly, there can be no assurance the utilization for acquired assets will align with the utilization of our existing fleet or on our anticipated timeline or at all. Furthermore, there is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions.

In addition, we may not have sufficient capital resources to complete any additional acquisitions. We may incur substantial indebtedness to finance future acquisitions and also may issue equity, debt or convertible securities in connection with such acquisitions. Debt service requirements could represent a significant burden on our results of operations and financial condition, and the issuance of additional equity or convertible securities could be dilutive to our existing shareholders. Furthermore, we may not be able to obtain additional financing as needed or on satisfactory terms.

Our ability to continue to grow through acquisitions or mergers and manage growth will require us to continue to invest in operational, financial and management information systems and to attract, retain, motivate and effectively manage our employees. The inability to effectively manage the integration of acquisitions, including in connection with our corporate reorganization, could reduce our focus on current operations, which, in turn, could negatively impact our earnings and growth. Our financial position and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

Continued increases in interest rates could adversely impact the price of our shares, our ability to issue equity or incur debt for acquisitions or other purposes.

Interest rates on future borrowings, credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. In addition, the Secured Overnight Financing Rate ("SOFR"), London Interbank Offered Rate ("LIBOR") and other "benchmark" rates are subject to ongoing national and international regulatory scrutiny and reform. On July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel

banks to submit rates for the calculation of the LIBOR rates after 2021 (the “FCA Announcement”). We are unable to predict the effect of the FCA Announcement or other reforms, whether currently enacted or enacted in the future. The outcome of reforms may result in increased interest expense to us. Changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our shares, and a rising interest rate environment could have an adverse impact on the price of our shares, our ability to issue equity or incur debt for acquisitions or other purposes.

Equity and Common Stock

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in those internal controls. We and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting as of December 31, 2022. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. The Company’s management has implemented a remediation plan to update its design and implementation of controls to remediate the deficiencies and enhance the Company’s internal control environment. The material weaknesses will not be considered remediated until the controls have operated effectively, as evidenced through testing, for a sufficient amount of instances. The material weaknesses did not result in any adjustments to the Consolidated Financial Statements.

Any newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, we may be unable to prevent fraud, investors may lose confidence in our financial reporting, and our stock price may decline as a result. We cannot ensure that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements and cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Class A Common Stock.

Our Revolving Credit Facility places certain restrictions on our ability to pay cash dividends on our Class A Stock. Consequently, in the future, if we no longer meet the Revolving Credit Facility’s criteria to pay cash dividends on Class A Stock, your only opportunity to achieve a return on your investment is if the price of our Class A Common Stock appreciates.

We have not paid any dividends since our inception to holders of our Class A Common Stock and our Revolving Credit Facility places certain restrictions on our ability to pay cash dividends on our Class A Common Stock. Consequently, if in the future, we no longer meet the criteria under our Revolving Credit Facility allowing for the payment of cash dividends, your only opportunity to achieve a return on your investment will be if you sell your Class A Common Stock at a price greater than you paid for it. There is no guarantee that the price of our Class A Common Stock that will prevail in the market will ever exceed the price that you paid for it.

Future sales of our Class A Common Stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or preferred stock or convertible securities may dilute your ownership in us.

We may sell additional shares of Class A Common Stock or preferred stock that is convertible into Class A Common Stock in subsequent public offerings. As of February 28, 2023, we had 24,896,972 shares of Class A Common Stock outstanding, which may be resold immediately in the public market. The Legacy Owners and the Bridge Loan Lenders are parties to a registration rights agreement, which requires us to effect the registration of any shares of Class A Common Stock held by a Legacy Owner or Bridge Loan Lender or that a Legacy Owner or Bridge Loan Lender receives upon redemption of its shares of Class B Common Stock.

We cannot predict the size of future issuances of our Class A Common Stock or preferred stock convertible into Class A Common Stock or the effect, if any, that future issuances and sales of shares of our Class A Common Stock will have on the market price of our Class A Common Stock. Sales of substantial amounts of our Class A Common Stock, or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A Common Stock.

We may issue additional preferred stock, the terms of which could adversely affect the voting power or value of our Class A Common Stock.

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A Common Stock respecting dividends and distributions, as our Board of Directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A Common Stock. For example, we may grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A Common Stock.

Risks Associated with Owning Our Common Stock

For as long as we are a smaller reporting company, we will not be required to comply with certain reporting requirements that apply to other public companies.

For as long as we are a smaller reporting company, we will have certain reduced disclosure requirements with the SEC, including the ability to provide two years of audited financial statements and corresponding Management's Discussion and Analysis disclosures. We lost our "emerging growth company" status on December 31, 2022, at the end of the five-year period following our initial public offering (IPO), and we are required to comply with all the reporting requirements applicable to other public companies including, but not limited to, the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. We will remain a smaller reporting company until the aggregate market value of our outstanding common stock held by non-affiliates, calculated as of the end of our most recently complete second fiscal quarter, exceeds \$250 million. We cannot predict whether investors will find our common stock less attractive because we are no longer able to rely upon any certain reduced disclosure requirements and exemptions. If some investors find our common stock less attractive, there may be a less active trading market for our common stock and our stock price may be more volatile.

To the extent that we rely on any of the exemptions available to small reporting companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not small reporting companies. If some investors find our Class A Common Stock to be less attractive as a result, there may be a less active trading market for our Class A Common Stock and our stock price may be more volatile.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A Common Stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our Class A Common Stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company adversely changes his or her recommendation with respect to our Class A Common Stock or if our operating results do not meet their expectations, our stock price could decline.

CSL and Other Directors

CSL, Bayou Holdings and their respective affiliates are not limited in their ability to compete with us, and the corporate opportunity provisions in our amended and restated certificate of incorporation could enable CSL and Bayou Holdings to benefit from corporate opportunities that might otherwise be available to us.

Our governing documents provide that CSL, Bayou Holdings and their respective affiliates (including portfolio investments of CSL and its affiliates) are not restricted from owning assets or engaging in businesses that compete directly or indirectly with us. In particular, subject to the limitations of applicable law, our amended and restated certificate of incorporation, among other things:

- permits CSL, Bayou Holdings and their respective affiliates to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and
- provides that if CSL, Bayou Holdings or their respective affiliates, or any employee, partner, member, manager, officer or director of CSL, Bayou Holdings or their respective affiliates who is also one of our directors or

officers, becomes aware of a potential business opportunity, transaction or other matter, they will have no duty to communicate or offer that opportunity to us.

CSL, Bayou Holdings or their respective affiliates may become aware, from time to time, of certain business opportunities and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Furthermore, such businesses may choose to compete with us for these opportunities, possibly causing these opportunities to not be available to us or causing them to be more expensive for us to pursue. In addition, CSL, Bayou Holdings and their respective affiliates may dispose of equipment or other assets in the future, without any obligation to offer us the opportunity to purchase any of those assets. As a result, our renouncing our interest and expectancy in any business opportunity that may be from time to time presented to CSL, Bayou Holdings and their respective affiliates could adversely impact our business or prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours.

CSL controls a significant portion of our voting stock, and their interests may conflict with those of our other shareholders.

CSL and its affiliates beneficially own an aggregate of approximately 29% of the outstanding shares of our Common Stock. As long as CSL controls a large portion of our voting stock, it may be able to significantly influence the election of the Board of Directors and the outcome of all matters involving a shareholder vote. Moreover, CSL's concentration of stock ownership may adversely affect the trading price of our Class A Common Stock to the extent investors perceive a disadvantage in owning stock of a company with a significant shareholder. CSL's interests may differ from the interests of other shareholders and the status of their ownership could change at their discretion.

A significant reduction of CSL's ownership interests in us could adversely affect us.

We believe that CSL's ownership interest in us provides with it an economic incentive to assist us to be successful. CSL is not subject to any obligation to maintain its ownership interest in us and may elect at any time to sell all or a substantial portion of or otherwise reduce its ownership interest in us. If CSL sells all or a substantial portion of its ownership interest in us, it may have less incentive to assist in our success and its affiliate(s) that are expected to serve as members of our Board of Directors may resign.

Certain of our directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking acquisitions and business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.

Certain of our directors, who are responsible for managing the direction of our operations, hold positions of responsibility with other entities (including affiliated entities) that are in the oil and natural gas industry. These executive officers and directors may become aware of business opportunities that may be appropriate for presentation to us as well as to the other entities with which they are or may become affiliated. Due to these existing and potential future affiliations, these individuals may present potential business opportunities to other entities prior to presenting them to us, which could cause additional conflicts of interest. They may also decide that certain opportunities are more appropriate for other entities with which they are affiliated, and as a result, they may elect not to present those opportunities to us. These conflicts may not be resolved in our favor.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease our principal executive offices, which are located at 10350 Richmond, Suite 550, Houston, Texas 77042. As of December 31, 2022, we owned or leased maintenance facilities, yards and field offices around the U.S. and our material properties include the following:

Facility Location and Description	Size of Location*		Leased / Owned	Lease Expiration
	(square feet)	(acres)		
High Specification Rigs				
Milliken, Colorado	131,390	23.0	Leased	2036
Williston, North Dakota	11,100	5.0	Leased	2029
Pleasanton, Texas	23,325	15.9	Leased	2027
Wharton, Texas	4,200	4.0	Leased	2023
Artesia, New Mexico	5,368	1.7	Leased	**
Hobbs, New Mexico	25,950	4.5	Owned	***
Belfield, North Dakota	34,280	34.5	Owned	***
Big Spring, Texas	21,420	7.5	Owned	***
Denver City, Texas	23,000	60.4	Owned	***
Midland, Texas	14,000	16.7	Owned	***
Midland, Texas	47,000	25.9	Owned	***
Odessa, Texas	17,500	1.3	Owned	***
Andrews, Texas	15,341	39.3	Owned	***
Wireline Services				
Midland, Texas	36,320	12.0	Leased	2027
Williston, North Dakota	71,239	13.8	Leased	2027
Casper, Wyoming	12,950	3.2	Leased	**
Processing Solutions and Ancillary Services				
Milliken, Colorado	131,390	23.3	Leased	2036
Ft. Morgan, Colorado	106,700	23.6	Leased	2027

* Includes approximations.

** Month-to-Month lease.

*** Not applicable.

In addition to the properties listed above, we own and lease several smaller facilities, which generally have shorter terms. We do not believe that any single facility is material to our operations and, if necessary, we could readily obtain a replacement facility.

Item 3. Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our business, liquidity position, financial condition, results of operations or prospects. We are, however, named defendants in certain lawsuits, investigations and claims arising in the ordinary course of conducting our business, including employee-related matters, and we expect that we will be named defendants in similar lawsuits, investigations and claims in the future. We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisers and brokers, believe are reasonable and prudent. We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that these levels of insurance will be available in the future at economical prices. While the outcome of these lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. Information regarding legal proceedings is presented in "Part II, Item 8. Financial Statements and Supplementary Data—Note 15 — Commitments and Contingencies."

Item 4. Mine Safety Disclosure

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholders' Matters and Issuer Purchases of Equity Securities

Market Information

Our Class A Common Stock is listed on the NYSE under the symbol "RNGR," and there was no public market for our Class B Common Stock. We have a significant number of beneficial shareholders or shareholders whose shares are held in "street name," where such shares are held by a broker or other nominee, thereby increasing the number holders of record. As of February 28, 2023, there were approximately 140 and no shareholders of record of our Class A Common Stock and Class B Common Stock, respectively.

We have not paid any dividends since our inception to holders of our Class A Common Stock. The Company recently announced plans to initiate a capital returns program, which includes authorization for a share buyback program up to \$35.0 million in share buybacks over a period of 36 months and approval to initiate a dividend program upon the Company's achievement of net debt zero, which is currently expected in the second half of 2023. The Company regularly assesses strategic priorities and actively announces any information as it relates to capital returns, and it will continue to do so.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

We had no sales of unregistered equity securities during the period covered by this Annual Report that were not previously reported in a Current Report on Form 8-K or Quarterly Report on Form 10-Q.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

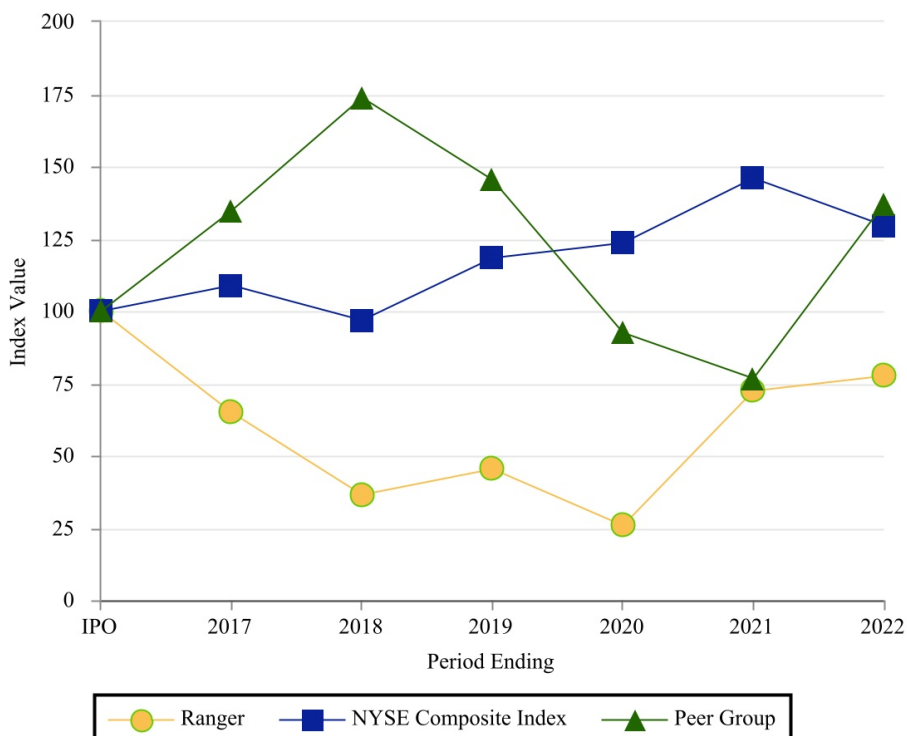
The following table provides information with respect to Class A Common Stock purchases made by the Company during the three months ended December 31, 2022.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2022 - October 31, 2022	5,593	\$ 10.50		
November 1, 2022 - November 30, 2022	964	11.18		
December 1, 2022 - December 31, 2022	—	—		
Total	6,557	\$ 10.60	—	—

(1) Total number of shares repurchased in the fourth quarter of 2022 consists of 6,557 shares withheld by us in satisfaction of withholding taxes due upon the vesting of restricted shares granted to our employees under our Long-Term Incentive Plan.

Stock Performance Graph

The graph below presents a comparison of the cumulative total return on our Class A Common Stock, assuming \$100 was invested on August 10, 2017, the initial trading day for our common stock for the NYSE Composite Index and a self-determined peer group, which includes RCP, Inc., ProPetro Holding Corp., Select Energy Services, Inc., Oil States International, Inc., KLX Energy Services Holdings, Inc., Dril-Quip, Inc., Mammoth Energy Services, Inc. and Solaris Oilfield Infrastructure, Inc.



The graph and related information should not be deemed “soliciting material” or to be “filed” with the SEC, nor should such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such information by reference into such a filing. The graph and information is included for historical and comparative purposes only and should not be considered indicative of future stock performance.

Item 6. Selected Financial Data

Reserved.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the historical financial statements and related notes included elsewhere in this Annual Report. This discussion contains “forward-looking statements” reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil and natural gas, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this report. Please

read *Cautionary Statement Regarding Forward-Looking Statements*. Also, please read the risk factors and other cautionary statements described under “Part I, Item 1A.-Risk Factors.” We assume no obligation to update any of these forward-looking statements, except as required by applicable law.

2022 Business Update

Acquisitions and Integrations

During the years ended December 31, 2022 and 2021, the Company integrated the businesses, operations and assets acquired from each of the acquisitions, described below, into current business processes. Through the integration, Ranger continued to refine business strategies and processes to focus on the performance of the Company. Please see “—Results of Operations” below and “Part II—Item 8—Note 3 — Business Combinations” for further information on each of the acquisitions.

On September 15, 2021, Ranger Energy Acquisition, LLC, entered into an Asset Purchase Agreement for certain assets of Basic and certain of its subsidiaries, which closed on October 1, 2021. As consideration for the assets acquired, the Company paid \$36.7 million in cash, where such cash was generated through the issuance of Series A Preferred Stock. Ranger Energy Acquisitions, LLC (“Ranger Acquisitions”) purchased assets associated with Basic’s well servicing, fishing and rental, coiled tubing operations, and rolling stock assets required to support the operating assets being purchased and real property locations inclusive of, but not limited to, real property owned in New Mexico, North Dakota, Oklahoma and Texas. The operating results of Basic are included within the High Specification Rigs and Processing Solutions and Ancillary Services segments.

On July 8, 2021, the Company acquired the assets of PerfX, a provider of wireline services that operate in Williston, North Dakota and Midland, Texas. Following the acquisition of PerfX, the Company significantly expanded its scale and scope of the existing wireline business. The aggregate consideration was \$20.1 million, which included 1.1 million shares of Class A Common Stock and a Secured Promissory Note of \$11.4 million. The financial results of PerfX are included in the Wireline Services reporting segment.

On May 14, 2021, the Company acquired all of the outstanding stock of Patriot, a provider of wireline evaluation and intervention services that operate in the Permian, Denver-Julesburg and Powder River Basins and Bakken Shale. As consideration for the Patriot Acquisition, the Company paid an aggregate of \$11.0 million, which included 1.3 million shares of Class A Common Stock and cash payments of \$3.3 million, net of cash acquired. The financial results of Patriot are included in the Wireline Services reporting segment.

COVID-19

During the year ended December 31, 2022 and through the issuance of these financial statements, significant progress has been made to combat COVID-19 and its multiple variants. The extent of and future impacts of COVID-19 on the Company’s operational and financial performance will significantly depend on further developments, including the severity, duration, spread of the disease and continued impact on our personnel, customer activity and third-party providers.

The U.S. government implemented a number of programs in the early wake of the impacts of COVID-19, including the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), the largest relief package in U.S. history, and the Main Street Lending Program established by the Federal Reserve. We qualified for limited aid under the CARES Act and have deferred payroll tax payments of \$0.9 million as of December 31, 2022 under the CARES Act. The deferred payroll tax payment was paid in January 2023.

Internal Controls and Procedures

We and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting as of December 31, 2022. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. Based on its assessment, management concluded that the Company’s internal control over financial reporting was not effective as of December 31, 2022 due to material weaknesses in our control environment whereby the Company did not maintain (1) adequate controls over segregation of duties related to the review of manual journal entries and account reconciliations. Specifically, certain personnel had the ability to both (a) create and post journal entries within our general ledger system, and (b) review account reconciliations; (2) adequate information technology general controls related to administrative user access to the Company’s information systems that are relevant to the preparation of financial statements to ensure appropriate segregation of duties and to adequately restrict access to financial applications and data; and (3) the material weakness previously reported in 2021 Annual Report pertaining to ineffective controls over the accounting for complex transactions continued to exist as of

December 31, 2022. The Company's management has (1) implemented a remediation plan to update its design and implementation of controls to remediate these deficiencies and enhance the Company's internal control environment. The material weaknesses did not result in any adjustments to the Consolidated Financial Statements; (2) initiated a remediation plan to improve information technology general controls related to administrative user access by restricting privileged access, implementing change monitoring controls and improving segregation of duties within information technology environments based on roles and responsibilities; and (3) been enhancing processes and designing and implementing additional internal controls to properly account for complex transactions. Additionally, the Company has hired additional accounting personnel and implementing training of new and existing personnel on proper execution of designed control procedures.

We can give no assurance that these actions will remediate these deficiencies in internal control or that additional material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements and cause us to fail to meet our reporting obligations.

We are required to comply with the SEC's rules implementing Section 302 of Sarbanes-Oxley, which requires our management to certify financial and other information in our quarterly and Annual Reports. We are required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 beginning with this Annual Report due to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act.

Business Outlook

We are a provider of onshore high specification ("high-spec") well service rigs and complementary services in the United States. We provide an extensive range of well site services to leading U.S. exploration and production ("E&P") companies that are fundamental to establishing and enhancing the flow of oil and natural gas throughout the productive life of a well. See discussion below for a description of our reporting segments.

We operate in most of the active oil and natural gas basins in the United States, including the Permian Basin, Denver-Julesburg Basin, Bakken Shale, Eagle Ford Shale, Haynesville Shale, Gulf Coast, South Central Oklahoma Oil Province and Sooner Trend Anadarko Basin Canadian and Kingfisher Counties plays.

Looking forward to 2023, we expect business opportunities and financial results to show mild increases as the global economy continues to slowly stabilize and improve. The International Energy Agency stated that global oil demand is set to rise by 1.9 million barrels per day in 2023 where the U.S. ranks as the world's leading source of supply growth. Commodity pricing reached over \$130 per barrel with a low of \$70 per barrel during 2022 and is expected to remain at approximately \$85 per barrel during 2023 as global oil inventories increase. However, we believe the geopolitical events will continue to have an impact on the macroeconomic backdrop of our industry, specifically surrounding China as COVID-19 restrictions are lifted and uncertainty regarding Russia's oil supply while under sanctions.

How We Evaluate Our Operations

We provide services within the United States that are organized into three reporting segments, which include: High Specification Rigs, Wireline Services, and Processing Solutions and Ancillary Services, which are described below. The reportable segments have been categorized based on the nature of services provided within each line of business.

Our service offerings consist of well completion support, workover, well maintenance, wireline, fluid management, other complementary services, as well as well installation, commissioning and operating of modular equipment, which are conducted in three reportable segments, as follows:

- *High Specification Rigs.* Provides high-spec well service rigs to facilitate operations throughout the life cycle of a well.
- *Wireline Services.* Provides services necessary to bring and maintain a well on production and consists of our completion, production and pump down service lines.
- *Processing Solutions and Ancillary Services.* Provides complimentary services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. The services primarily include equipment rentals, coil tubing, plug and abandonment, snubbing and processing solutions.
- *Other.* Other represents costs not allocable to the reporting segments and includes corporate general and administrative expense and depreciation of corporate furniture and fixtures, amortization, impairments, debt retirements and other items similar in nature.

For additional financial information regarding our segments, please see “Part II—Item 8—Note 17 — Segment Reporting.”

Financial Metrics

How we Generate Revenue

Rig hours and stage counts, as it relates to our High Specification Rigs and Wireline Services segments, respectively, are important indicators of our activity levels and profitability. The stage count metric has become increasingly important with the update in our external reporting segments. Rig hours represent the aggregate number of hours that our well service rigs actively worked, whereas stage counts represent the number of completed stages during the periods presented. Generally, during the period our services are being provided, our customers are billed on an hourly basis for our high-spec rig services or, as it relates to our wireline services, they are billed upon the earlier of the completion of the well or on a monthly basis. The rates for which the customer is billed is generally predetermined based upon a contractual agreement.

Costs of Conducting Our Business

The principal costs associated with conducting our business are personnel, repairs and maintenance, general and administrative, and depreciation expense.

Cost of Services. Our primary costs associated with our cost of services are related to personnel expenses, repairs and maintenance of our fixed assets and, as it relates to our Wireline Services segment, perforating and gun costs. A significant portion of these expenses are variable, and therefore typically managed based on industry conditions and demand for our services. Further, there is generally a correlation between our revenue generated and personnel and repairs and maintenance costs, which are dependent upon the operational activity.

Personnel costs associated with our operational employees represent a significant cost of our business. A substantial portion of our labor costs is attributable to our field crews and is partly variable based on the requirements of specific customers. A key component of personnel costs relates to the ongoing training of our employees, which improves safety rates and reduces attrition.

General & Administrative. As described above, general and administrative expenses are corporate in nature and are included within Other. These costs are not attributable to any of our lines of businesses nor reporting segments.

Operating Income or Loss

We analyze our operating income or loss by segment, which we have defined as revenue less cost of services and depreciation expense. We believe this is a key financial metric as it provides insight on profitability and operational performance based on the historical cost basis of our assets.

Adjusted EBITDA

We view Adjusted EBITDA, which is a non-GAAP financial measure, as an important indicator of performance. We define Adjusted EBITDA as net income or loss before net interest expense, income tax expense (benefit), depreciation and amortization, equity-based compensation, acquisition-related and severance costs, gain or loss on disposal of assets, legal fees and settlements, and other non-cash and certain other items that we do not view as indicative of our ongoing performance. See “—Results of Operations” and “—Note Regarding Non-GAAP Financial Measure” for more information and reconciliations of net income (loss) to Adjusted EBITDA, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

The Year Ended December 31, 2022 compared to the Year Ended December 31, 2021

The following is an analysis of our operating results. See “—How We Evaluate Our Operations” for further details explaining how operating results are measured and key performance indicators used. The significant increases in operational activity, across all segments, as well as corporate-related expenses, are related to the business combinations that took place, coupled with increased crude oil pricing and demand for our services, as described in “—Recent Events and Outlook.”

	Year Ended December 31,		Variance	
	2022	2021	\$	%
Revenue				
High specification rigs	\$ 293.2	\$ 140.1	\$ 153.1	109 %
Wireline Services	197.0	117.9	79.1	67 %
Processing Solutions and Ancillary Services	118.3	35.1	83.2	237 %
Total revenue	608.5	293.1	315.4	108 %
Operating expenses				
Cost of services (exclusive of depreciation and amortization):				
High specification rigs	232.7	118.8	113.9	96 %
Wireline Services	178.4	115.6	62.8	54 %
Processing Solutions and Ancillary Services	92.8	28.9	63.9	221 %
Total cost of services	503.9	263.3	240.6	91 %
General and administrative	39.9	34.6	5.3	15 %
Depreciation and amortization	44.4	36.8	7.6	21 %
Impairment of fixed assets	1.3	—	1.3	100 %
Gain on sale of assets	(0.7)	(1.1)	0.4	(36)%
Total operating expenses	588.8	333.6	255.2	76 %
Operating income (loss)	19.7	(40.5)	60.2	149 %
Other income and expenses				
Interest expense, net	7.3	5.0	2.3	46 %
Gain on bargain purchase, net of tax	(3.6)	(37.2)	33.6	(90)%
Total other income and expenses	3.7	(32.2)	35.9	(111)%
Income (loss) before income tax expense (benefit)	16.0	(8.3)	24.3	293 %
Income tax expense (benefit)	0.9	(6.2)	7.1	115 %
Net income (loss)	\$ 15.1	\$ (2.1)	\$ 17.2	819 %

Revenue. Revenue increased \$315.4 million, or 108%, to \$608.5 million for the year ended December 31, 2022 from \$293.1 million for the year ended December 31, 2021. The change in revenue by segment was as follows:

High Specification Rigs. High Specification Rig revenue increased \$153.1 million, or 109%, to \$293.2 million for the year ended December 31, 2022 from \$140.1 million for the year ended December 31, 2021. The increased rig services revenue included an 82% increase in total rig hours to 469,000 for the year ended December 31, 2022 from 257,900 for the year ended December 31, 2021. The average revenue per rig hour increased 15% to \$625 compared to \$543 for the year ended December 31, 2021. Of the total segment revenue increase, \$119.4 million is attributable to the assets acquired in the Basic Acquisition.

Wireline Services. Wireline Services revenue increased \$79.1 million, or 67%, to \$197.0 million for the year ended December 31, 2022 from \$117.9 million for the year ended December 31, 2021. The increased wireline services revenue was primarily attributable to completion services which accounted for \$44.3 million of the segment revenue increase and included a 15% increase in completed stage count to 31,400 for the year ended December 31, 2022 from 27,200 for the year ended December 31, 2021. Additionally, the increase was attributable to the production and pump down services which accounted for \$25.2 million and \$9.6 million of the segment increase, respectively. The increase in wireline services revenue included a 79% increase in average active wireline units to 41 units from 23 units for the year ended December 31, 2021. Of the segment revenue increase, \$63.8 million and \$34.9 million is attributable to the assets acquired in the PerfX and Patriot Acquisitions, respectively.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services revenue increased \$83.2 million, or 237%, to \$118.3 million for the year ended December 31, 2022 from \$35.1 million for the year ended December 31, 2021. The increase in processing solutions and ancillary services revenue is primarily attributable to our coil tubing, rentals and plugging and abandonment services which accounted for \$32.9 million, \$28.5 million and \$21.2 million of the segment increase, respectively. Of the total segment revenue increase, \$53.9 million is attributable to the Basic Acquisition.

Cost of services. Cost of services (exclusive of depreciation and amortization) increased \$240.6 million, or 91%, to \$503.9 million for the year ended December 31, 2022 from \$263.3 million for the year ended December 31, 2021. As a percentage of revenue, cost of services was approximately 83% and 89% for the years ended December 31, 2022 and 2021, respectively. The change in cost of services by segment was as follows:

High Specification Rigs. High Specification Rig cost of services increased \$113.9 million, or 96%, to \$232.7 million for the year ended December 31, 2022 from \$118.8 million for the year ended December 31, 2021. The increase was primarily attributable to an increase in variable expenses, notably employee-related labor costs, fuel and repair and maintenance costs of \$69.0 million, \$10.9 million and \$10.4 million, respectively. Additionally, the increased costs correspond with the increase in rig hours and revenue. Of the segment cost of services increase, \$94.6 million is attributable to the Basic Acquisition.

Wireline Services. Wireline Services cost of services increased \$62.8 million, or 54%, to \$178.4 million for the year ended December 31, 2022 from \$115.6 million for the year ended December 31, 2021. The increase was primarily attributable to the completion and production service lines which accounted for \$41.0 million and \$16.0 million of the segment increase. Across all service lines, the increase was attributable to increased variable expenses, notably employee-related labor costs of \$28.1 million. Of the total segment cost of services increase, \$87.4 million and \$29.1 million is attributable to the assets acquired in the PerfX and Patriot Acquisitions, respectively.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services cost of services increased \$63.9 million, or 221%, to \$92.8 million for the year ended December 31, 2022 from \$28.9 million for the year ended December 31, 2021. The increase in processing solutions and ancillary services is primarily attributable to our coil tubing, rentals and plugging and abandonment services which accounted for \$25.6 million, \$18.2 million and \$18.4 million of the segment increase, respectively, and aligns with the increased revenue. Of the total segment cost of services increase, \$46.1 million is attributable to the Basic Acquisition.

General and administrative. General and administrative expenses increased \$5.3 million, or 15%, to \$39.9 million for the year ended December 31, 2022 from \$34.6 million for the year ended December 31, 2021. The increase in general and administrative expenses is primarily due to corporate employee costs added subsequent to the Basic Acquisition, coupled with legal and professional fees incurred during the latter half of the year ended December 31, 2022.

Depreciation and amortization. Depreciation and amortization increased \$7.6 million, or 21%, to \$44.4 million for the year ended December 31, 2022 from \$36.8 million for the year ended December 31, 2021. The increase was attributable to assets acquired through the business combinations during the latter half of the year ended December 31, 2021. This was partially offset by depreciation expense related to fixed assets disposed of during the year ended December 31, 2022.

Interest expense, net. Net interest expense increased \$2.3 million, or 46%, to \$7.3 million for the year ended December 31, 2022 from \$5.0 million for the year ended December 31, 2021. The increase to net interest expense was attributable to higher interest rates on each tranche of the Eclipse Loan and Security Agreement that closed on September 27, 2021, partially offset by the decreased principal balances on the debt instruments.

Income tax expense (benefit). Income tax expense increased \$7.1 million, or 115%, to an expense of \$0.9 million for the year ended December 31, 2022 from a tax benefit of \$6.2 million for the year ended December 31, 2021. The increase in income tax expense was attributable to the increased operational activity during the year ended December 31, 2022.

Note Regarding Non-GAAP Financial Measure

Adjusted EBITDA is not a financial measure determined in accordance with generally accepted accounting principles in the United States (“US GAAP”). We define Adjusted EBITDA as net income or loss before net interest expense, income tax expense (benefit), depreciation and amortization, equity-based compensation, gain or loss on disposal of assets, legal fees and settlements, and other non-cash and certain other items that we do not view as indicative of our ongoing performance.

We believe Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of our operating performance when compared to our peers, without regard to our financing methods or capital structure. We exclude the items listed above from net income or loss in arriving at Adjusted EBITDA because these amounts can vary substantially within our industry depending upon accounting methods, book values of assets, capital structures and the method by which

the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income or loss determined in accordance with US GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an indication that our results will be unaffected by the items excluded from Adjusted EBITDA. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies. The following table presents reconciliations of net income (loss) to Adjusted EBITDA, our most directly comparable financial measure calculated and presented in accordance with US GAAP.

The Year Ended December 31, 2022 compared to The Year Ended December 31, 2021

	Year Ended December 31, 2022				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
	(in millions)				
Net income (loss)	\$ 34.3	\$ 7.6	\$ 20.2	\$ (47.0)	\$ 15.1
Interest expense, net	—	—	—	7.3	7.3
Tax expense (benefit)	—	—	—	0.9	0.9
Depreciation and amortization	26.2	11.0	5.3	1.9	44.4
Equity based compensation	—	—	—	3.8	3.8
Gain on disposal of property and equipment	—	—	—	(0.7)	(0.7)
Severance and reorganization costs	—	—	—	1.6	1.6
Acquisition related costs	—	—	—	7.9	7.9
Legal fees and settlements	—	—	—	1.5	1.5
Impairment of fixed assets	—	—	—	1.3	1.3
Gain on bargain purchase, net of tax	—	—	—	(3.6)	(3.6)
TRA termination expense	—	—	—	—	—
Allowance for AR write-off	—	—	—	—	—
Adjusted EBITDA	<u>\$ 60.5</u>	<u>\$ 18.6</u>	<u>\$ 25.5</u>	<u>\$ (25.1)</u>	<u>\$ 79.5</u>

	Year Ended December 31, 2021				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
	(in millions)				
Net income (loss)	\$ 37.0	\$ (5.8)	\$ 0.3	\$ (33.6)	\$ (2.1)
Interest expense, net	—	—	—	5.0	5.0
Tax expense (benefit)	—	—	—	(6.2)	(6.2)
Depreciation and amortization	21.5	8.1	5.9	1.3	36.8
Equity based compensation	—	—	—	3.2	3.2
Gain on disposal of property and equipment	—	—	—	(1.1)	(1.1)
Severance and reorganization costs	—	—	—	(0.4)	(0.4)
Acquisition related costs	—	—	—	8.6	8.6
Legal fees and settlements	—	—	—	0.9	0.9
Impairment of fixed assets	—	—	—	—	—
Gain on bargain purchase, net of tax	(37.2)	—	—	—	(37.2)
TRA termination expense	—	—	—	3.8	3.8
Allowance for AR write-off	—	—	—	1.5	1.5
Adjusted EBITDA	<u>\$ 21.3</u>	<u>\$ 2.3</u>	<u>\$ 6.2</u>	<u>\$ (17.0)</u>	<u>\$ 12.8</u>

	\$ Variance				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
	(in millions)				
Net income (loss)	\$ (2.7)	\$ 13.4	\$ 19.9	\$ (13.4)	\$ 17.2
Interest expense, net	—	—	—	2.3	2.3
Tax expense (benefit)	—	—	—	7.1	7.1
Depreciation and amortization	4.7	2.9	(0.6)	0.6	7.6
Equity based compensation	—	—	—	0.6	0.6
Gain on disposal of property and equipment	—	—	—	0.4	0.4
Severance and reorganization costs	—	—	—	2.0	2.0
Acquisition related costs	—	—	—	(0.7)	(0.7)
Legal fees and settlements	—	—	—	0.6	0.6
Impairment of fixed assets	—	—	—	1.3	1.3
Gain on bargain purchase, net of tax	37.2	—	—	(3.6)	33.6
TRA termination expense	—	—	—	(3.8)	(3.8)
Allowance for AR write-off	—	—	—	(1.5)	(1.5)
Adjusted EBITDA	\$ 39.2	\$ 16.3	\$ 19.3	\$ (8.1)	\$ 66.7

Adjusted EBITDA for the year ended December 31, 2022 increased \$66.7 million to \$79.5 million from \$12.8 million for the year ended December 31, 2021. The change by segment was as follows:

High Specification Rigs. High Specification Rigs Adjusted EBITDA increased \$39.2 million to \$60.5 million from \$21.3 million primarily due to an increase in revenue of \$153.1 million partially offset by a corresponding increase in cost of services of \$113.9 million.

Wireline Services. Wireline Services Adjusted EBITDA increased \$16.3 million to \$18.6 million from \$2.3 million due to an increase in revenue of \$79.1 million partially offset by a corresponding increase in cost of services of \$62.8 million.

Processing Solutions and Ancillary Services. Processing Solutions and Ancillary Services Adjusted EBITDA increased \$19.3 million to \$25.5 million from \$6.2 million due to an increase in revenue of \$83.2 million partially offset by a corresponding increase in cost of services of \$63.9 million.

Other. Other Adjusted EBITDA decreased \$8.1 million for the year ended December 31, 2022 to a loss of \$25.1 million from a loss of \$17.0 million due to increased general and administrative expenses, which was related to increased employee costs and professional fees. The balances included in Other reflect other general and administrative costs, which are not directly attributable to High Specification Rigs, Wireline Services or Processing Solutions and Ancillary Services.

Liquidity and Capital Resources

Overview

We require capital to fund ongoing operations, including maintenance expenditures on our existing fleet, organic growth initiatives, investments and acquisitions. Our primary sources of liquidity have historically been cash generated from operations and borrowings under our EBC Credit Facility. As of December 31, 2022, we had total liquidity of \$61.0 million, consisting of \$3.7 million of cash on hand and availability under our Revolving Credit Facility of \$57.3 million.

As of December 31, 2022, our borrowing base under the Revolving Credit Facility was \$60.3 million compared to \$45.0 million as of December 31, 2021, as a result of increased operational activity and accounts receivable. We strive to maintain financial flexibility and proactively monitor potential capital sources to meet our investment and target liquidity requirements and to permit us to manage the cyclical activity associated with our business. We currently expect to have sufficient funds to meet the Company's short and long term liquidity requirements and comply with our covenants of our debt agreements. For further details, see "Our Debt Obligations."

Cash Flows

The following table presents our cash flows for the periods indicated:

	Year Ended December 31,		Variance	
	2022	2021	\$	%
	(in millions)			
Net cash provided by (used in) operating activities	\$ 44.5	\$ (39.4)	\$ 83.9	213 %
Net cash provided by (used in) investing activities	11.3	(36.4)	47.7	131 %
Net cash provided by (used in) financing activities	(52.7)	73.6	(126.3)	(172)%
Net change in cash	\$ 3.1	\$ (2.2)	\$ 5.3	241 %

Operating Activities

Net cash flows from operating activities increased \$83.9 million to cash generated of \$44.5 million for the year ended December 31, 2022 compared to cash used of \$39.4 million for the year ended December 31, 2021. The change in cash flows provided by operating activities is attributable to increased operational activity and efficiencies. Cash used from working capital decreased to \$19.1 million for the year ended December 31, 2022 from cash used of \$38.6 million for the year ended December 31, 2021 which was due to increased cash receipts on outstanding accounts receivable.

Investing Activities

Net cash flows from investing activities increased \$47.7 million to cash generated of \$11.3 million for the year ended December 31, 2022 compared to cash used of \$36.4 million for the year ended December 31, 2021. The change in cash flows generated by investing activities is attributable to the cash outlay for the Basic Acquisition that took place during the year ended December 31, 2021, partially offset by significant asset sales during the year ended December 31, 2022.

Financing Activities

Net cash flows from financing activities decreased \$126.3 million, or 172%, to cash used of \$52.7 million for the year ended December 31, 2022 compared to cash provided of \$73.6 million for the year ended December 31, 2021. The change in cash flow is attributable to the utilization of cash generated from operations and asset sales to pay debt outstanding. During the year ended December 31, 2022 the Company paid \$25.6 million, net to the Credit Facility and paid \$12.4 million to retire Term Loan B.

Supplemental Cash Flow Disclosures

During the year ended December 31, 2022, the Company added fixed assets of \$5.5 million which were finance leased arrangements across all operating segments. Additionally, the Company paid approximately \$1.2 million in interest related to debt and finance leased assets.

Working Capital

Our working capital, which we define as total current assets less total current liabilities, was \$65.6 million and \$2.5 million as of December 31, 2022 and 2021, respectively. The increased accounts receivable and contract assets and assets considered to be held for sale, coupled with efforts to pay down debt, led to the working capital increase.

Our Debt Agreements

Eclipse Loan and Security Agreement

On September 27, 2021, the Company entered into a loan and security agreement with Eclipse Business Capital LLC (“EBC”) and Eclipse Business Capital SPV, LLC, as administrative agent providing the Company with a senior secured credit facility in an aggregate principal amount of \$77.5 million (the “EBC Credit Facility”), consisting of (i) a revolving credit facility in an aggregate principal amount of up to \$50.0 million (the “Revolving Credit Facility”), (ii) a machinery and equipment term loan facility in an aggregate principal amount of up to \$12.5 million (the “M&E Term Loan Facility”) and (iii) a term loan B facility in an aggregate principal amount of up to \$15.0 million (the “Term Loan B Facility”). The Company was in compliance with the Eclipse Loan and Security Agreement covenants as of December 31, 2022.

On January 7, 2022, the Company entered into the First Amendment to Loan and Security Agreement with EBC and Eclipse Business Capital SPV, LLC (collectively, the “EBC Lenders”), which increased the Maximum Revolving Credit Facility Amount (as defined in the Amended Loan Agreement (as defined below)) to \$65 million, among other things.

On September 23, 2022, the Company entered into the Fourth Amendment to Loan and Security Agreement with the EBC Lenders, which, among other things, designated the change in reference rates from LIBOR to SOFR, and designated a Letter of Credit in the amount of \$1.6 million to be utilized for working capital and general corporate purposes, as needed.

Revolving Credit Facility

The Revolving Credit Facility was drawn, in part, on September 27, 2021, to repay the indebtedness under the existing Credit Facility, which was terminated in connection with such repayment, and to pay for the fees, costs and expenses incurred in connection with the EBC Credit Facility. The undrawn portion of the Revolving Credit Facility is available to fund working capital and other general corporate expenses and for other-permitted uses, including the financing of permitted investments and restricted payments. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the Company’s eligible accounts receivable less certain reserves. The Company’s eligible accounts receivable serves as collateral for the borrowings under the Revolving Credit Facility and is scheduled to mature in September 2025. The Revolving Credit Facility includes a subjective acceleration clause and cash dominion provisions that permits the administrative agent to sweep cash daily from certain bank accounts into an account of the administrative agent to repay the Company’s obligations under the Revolving Credit Facility. The borrowings of the Revolving Credit Facility, therefore, are classified as current maturities of long-term debt on the Consolidated Balance Sheet.

Under the Revolving Credit Facility, the maximum borrowing capacity was \$60.3 million, which was based on a borrowing base certificate in effect as of December 31, 2022. The Company had outstanding borrowings of \$1.4 million under the Revolving Credit Facility and a \$1.6 million Letter of Credit, leaving a residual \$57.3 million available for borrowings as of December 31, 2022. Borrowings under the Revolving Credit Facility bear interest at a rate per annum ranging from 4.5% to 5.0% in excess of SOFR and 3.5% to 4.0% in excess of the Base Rate, dependent on the fixed cost coverage ratio, through January 1, 2023. The weighted average applicable margin for the loan was 6.6% for the year ended December 31, 2022. The weighted average applicable margin for the loan was 9.0% for the period ended February 28, 2023.

M&E Term Loan Facility

Under the M&E Term Loan Facility, the Company had outstanding borrowings of \$10.4 million where the monthly installments of \$0.2 million commenced on March 1, 2022. Borrowings under the M&E Term Loan Facility bear interest at a rate per annum equal to 8% in excess of SOFR and 7% in excess of the Base Rate. The weighted average interest rate for the loan was 9.9% for the year ended December 31, 2022. The weighted average applicable margin for the loan was 12.6% for the period ended February 28, 2023. The M&E Term Loan Facility is secured by a lien on certain high-spec rig assets and is scheduled to mature in September 2025. Principal amounts repaid are not available to be reborrowed.

Term Loan B

On October 1, 2021, Term Loan B was finalized in connection with the closing of the Basic Acquisition. Borrowings under Term Loan B bore interest at a rate per annum equal to 12% in excess of the LIBOR Rate and 11% in excess of the Base Rate. The weighted average interest rate for Term Loan B was 13.0% through the maturity date of August 16, 2022. On August 16, 2022, the remaining balance of the loan was \$0.3 million, which was paid utilizing funds from the Revolving Credit Facility. At the time, the Company had capitalized fees associated with Term Loan B of \$0.1 million, which was charged to interest expense on the Consolidated Statement of Operations.

Secured Promissory Note

In connection with the PerfX Acquisition, on July 8, 2021, Bravo Wireline, LLC, a wholly owned subsidiary of Ranger Services, entered into a security agreement with Chief Investments, LLC, as administrative agent, for the financing of certain assets acquired. Certain of the assets acquired serve as collateral under the Secured Promissory Note. As of December 31, 2022, the aggregate principal balance outstanding was \$6.1 million. Borrowings under the Secured Promissory Note bear interest at a rate of 8.5% per annum and is scheduled to mature in January 2024.

Other Installment Purchases

During the year ended December 31, 2021, the Company entered into various Installment and Security Agreements (collectively, the “Installment Agreements”) in connection with the purchase of certain ancillary equipment, where such assets are being held as collateral. As of December 31, 2022, the aggregate principal balance outstanding under the Installment Agreements was \$0.5 million and is payable ratably over 36 months from the time of each purchase. The monthly installment payments contain an imputed interest rate that is consistent with the Company’s incremental borrowing rate and is not significant to the Company.

Future Cash Obligations

Our operating cash requirements, scheduled debt and finance lease repayments and interest payments for the fiscal year 2023 are expected to be funded through current cash and cash to be provided from operating activities. We will obtain additional funding from our Revolving Credit Facility on an as needed basis. The table below presents our current significant cash requirements over the next five years.

	Total	2023	2024	2025	2026	2027
				(in millions)		
Debt obligations ⁽¹⁾	\$ 20.1	\$ 7.5	\$ 6.7	\$ 5.9	\$ —	\$ —
Finance lease obligations ⁽¹⁾	12.9	5.2	3.2	2.2	1.2	1.1
Operating lease obligations ⁽²⁾	15.1	4.0	3.2	3.2	2.8	1.9
Total	\$ 48.1	\$ 16.7	\$ 13.1	\$ 11.3	\$ 4.0	\$ 3.0

(1) Debt and finance lease obligations include estimated interest to be paid in future periods.

(2) In addition to our right-of-use asset obligation, the operating leases include our obligations from contracts with terms of less than 12 months.

Capital Returns Program

On March 1, 2023, the Board of Directors authorized a \$35 million share repurchase program that can be utilized for up to 36 months. Additionally, the Board of Directors has approved a quarterly dividend of \$0.05 per share, which will be initiated once the Company achieves its goal of being net debt zero. The Company believes that a share repurchase and dividend framework provides the best overall value creation potential for investors and intends to return at least 25% of annual cash flows to investors going forward.

Critical Accounting Estimates and Policies

Our financial statements are prepared in accordance with US GAAP. In connection with preparing our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expense and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time we prepare our Consolidated Financial Statements. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our Consolidated Financial Statements are presented fairly and in accordance with US GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ materially from our assumptions and estimates.

Our significant accounting policies are discussed in our audited Consolidated Financial Statements included elsewhere in this Annual Report. Management believes that the following accounting estimates are those most critical to fully understanding and evaluating our reported financial results, and they require management’s most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Property and Equipment

Policy description

Property and equipment is stated at cost or estimated fair market value at the acquisition date less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset, with estimated useful lives reviewed by management on an annual basis. Expenditures for major renewals and betterments are capitalized while expenditures for maintenance and repairs are charged to expenses as incurred. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. Depreciation does not begin until property and equipment is placed in service. Once placed in service, depreciation on property and equipment continues while being repaired, refurbished or between periods of deployment.

Judgments and assumptions

Accounting for our property and equipment requires us to estimate the expected useful lives of our fleet and related equipment and any related salvage value. The range of estimated useful lives is based on overall size and specifications of the fleet, expected utilization along with continuous repairs and maintenance that may or may not extend the estimated useful lives. To the extent the expenditures extends the expected useful life, these expenditures are capitalized and depreciated over the extended useful life.

Assets Acquired and Liabilities Assumed in Business Combinations

Policy description

The Company accounts for its business combinations under the provisions of Accounting Standards Codification Topic 805-10, Business Combinations ("ASC 805-10"), which requires that the purchase method of accounting be used for all business combinations. Assets acquired and liabilities assumed are recorded at the date of acquisition at their respective fair values. For transactions that are business combinations, the Company evaluates the existence of goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. ASC 805-10 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. Acquisition-related expenses are recognized separately from the business combinations and are expensed as incurred.

Judgments and assumptions

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates and the number of years on which to base the cash flow projections, as well as other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets, specific risks, industry beta and capital structure of guideline companies. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Long-lived Asset Impairment

Policy description

We evaluate the recoverability of the carrying value of long-lived assets, including property and equipment and intangible assets, whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Judgments and assumptions

Our impairment analysis requires us to apply judgment in identifying impairment indicators and estimating future undiscounted cash flows of our fleets. If actual results are not consistent with our assumptions and estimates or our assumptions and estimates change due to new information, we may be exposed to an impairment charge. Key assumptions used to determine the undiscounted future cash flows include estimates of future fleet utilization and demands based on our assumptions around future commodity prices and capital expenditures of our customers.

Revenue Recognition

Policy description

In determining the appropriate amount of revenue to be recognized as the Company fulfills the obligations under its contracts with customers, the following steps must be performed at contract inception: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as, the Company satisfies each performance obligation.

We satisfy our performance obligation over time as the services are performed. The Company believes the output method is a reasonable measure of progress for the satisfaction of our performance obligations, which are satisfied over time, as it provides a faithful depiction of (i) our performance toward complete satisfaction of the performance obligation under the contract and (ii) the value transferred to the customer of the services performed under the contract. The Company has elected the right to invoice practical expedient for recognizing revenue. The Company invoices customers upon completion of the specified services and collection generally occurs within the payment terms agreed with customers. Accordingly, there is no financing component to our arrangements with customers.

Judgments and assumptions

Recording revenue involves the use of estimates and management judgment. We must make a determination at the time our services are provided whether the customer has the ability to make payments to us. While we do utilize past payment history, and, to the extent available for new customers, public credit information in making our assessment, the determination of whether collection of the consideration is probable is ultimately a judgment decision that must be made by management.

Income Taxes

Policy description

The Company provides for income tax expense based on the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded based upon differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. A release of a valuation allowance would result in the recognition of an increase in deferred tax assets and an income tax benefit in the period in which the release occurs, although the exact timing and amount of the release is subject to change based on numerous factors, including our projections of future taxable income, which we continue to assess based on available information each reporting period.

Judgments and assumptions

The establishment of a valuation allowance requires significant judgment and is impacted by various estimates. Both positive and negative evidence, as well as the objectivity and verifiability of that evidence, is considered in determining the appropriateness of recording a valuation allowance on deferred tax assets. Under US GAAP, the valuation allowance is recorded to reduce the Company's deferred tax assets to an amount that is more likely than not to be realized and is based upon the uncertainty of the realization of certain federal and state deferred tax assets related to net operating loss carryforwards and other tax attributes.

Equity-Based Compensation

Policy description

We record equity-based payments at fair value on the date of the grant, and expense the value of these awards in compensation expense over the applicable vesting periods.

Judgments and assumptions

We estimate the fair value of our performance stock units using an option pricing model that includes certain assumptions, such as volatility, dividend yield and the risk-free interest rate. Changes in these assumptions could change the fair value of our unit-based awards and associated compensation expense in our consolidated statements of operations.

Recent Accounting Pronouncements

For information regarding new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements, please refer to Recent Accounting Pronouncements included in “Item 8. Financial Statements and Supplementary Data—Note 2 — Summary of Significant Accounting Policies”

Smaller Reporting Company Status

The Company is a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act. Smaller reporting company means an issuer that is not an investment company, an asset-back issuer, or a majority-owned subsidiary of a parent that is not a smaller reporting company and that (i) has a market value of common stock held by non-affiliates of less than \$250 million; or (i) has annual revenue of less than \$100 million and either no common stock held by non-affiliates or a market value of common stock held by non-affiliates of less than \$700 million. Smaller reporting company status is determined on an annual basis.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks

The demand, pricing and terms for oil and natural gas services provided by us are largely dependent upon the level of activity for the U.S. oil and natural gas industry. Industry conditions are influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and natural gas; the level of prices, and expectations about future prices of oil and natural gas; the cost of exploring for, developing, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and natural gas producers to raise equity capital and debt financing; and merger and divestiture activity among oil and natural gas producers.

Interest Rate Risk

We are exposed to interest rate risk, primarily associated with our Revolving Credit Facility, Financing Agreement and certain finance leases. As of December 31, 2022, we had \$1.4 million outstanding under our Revolving Credit Facility, with a weighted average interest rate of 6.6%. As of December 31, 2022, the aggregate principal balance outstanding under the M&E Term Loan was \$10.4 million with an interest rate of 9.9% and finance leases of \$7.5 million with an interest rate of 3.7%. A hypothetical 1.0% increase or decrease in the weighted average interest rates would cause our interest expense to fluctuate by approximately \$0.2 million per year. We do not currently hedge our interest rate exposure. We do not engage in derivative transactions for speculative or trading purposes.

Credit Risk

The majority of our trade receivables have payment terms of 30 days or less. As of December 31, 2022, the top three trade net receivable balances represented 9%, 8% and 8%, respectively, of consolidated accounts receivable. Within our High Specification Rig segment, the top three net trade receivable balances represented 16%, 14% and 12%, respectively, of total High Specification Rig net accounts receivable. Within our Wireline Services segment, the top three net trade receivable balances represented 9%, 12% and 7%, respectively, of total Wireline Services net accounts receivable. Within our Processing Solutions and Ancillary Services segment, the top three trade receivable balances represented 14%, 10% and 7%, respectively, of total Processing Solutions and Ancillary Services net accounts receivable. We mitigate the associated credit risk by performing credit evaluations and monitoring the payment patterns of our customers.

Commodity Price Risk

The market for our services is indirectly exposed to fluctuations in the prices of oil and natural gas to the extent such fluctuations impact the activity levels of our E&P customers. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect demand for our services. We do not currently intend to hedge our indirect exposure to commodity price risk.

Item 8. Financial Statements and Supplementary Data

**RANGER ENERGY SERVICES, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (BDO USA, LLP, Houston, Texas; PCAOB ID #243)	48
CONSOLIDATED BALANCE SHEETS	50
CONSOLIDATED STATEMENTS OF OPERATIONS	51
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY	52
CONSOLIDATED STATEMENTS OF CASH FLOWS	53
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
Note 1—Organization and Business Operations	54
Note 2—Summary of Significant Accounting Policies	54
Note 3—Business Combinations	58
Note 4—Assets Held for Sale	61
Note 5—Property and Equipment	61
Note 6—Intangible Assets	62
Note 7—Accrued Expenses	62
Note 8—Leases	62
Note 9—Other Finance Leases	63
Note 10—Debt	64
Note 11—Equity	66
Note 12—Risk Concentrations	68
Note 13—Income Taxes	68
Note 14—Earnings per Share	70
Note 15—Commitments and Contingencies	70
Note 16—Related Party Transactions	70
Note 17—Segment Reporting	72

Report of Independent Registered Public Accounting Firm

To the Board of Directors and the Stockholders of
Ranger Energy Services, Inc.
Houston, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ranger Energy Services, Inc. (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the years then ended 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 at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, 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, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 13, 2023 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

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

Identification of a Section 382 Ownership Change

As discussed within Note 13 to the consolidated financial statements, Section 382 of the Internal Revenue Code of 1986, as amended (“Section 382”), generally imposes, upon the occurrence of an ownership change, an annual limitation on certain net operating losses that can be utilized.

We identified management’s assessment of the existence of a Section 382 ownership change as a critical audit matter because of the judgments required in interpreting the available information in making the determination as whether a Section 382

ownership change has occurred. Testing management's assessment required an increased extent of effort, including the need to involve our tax specialists.

The primary procedures we performed to address this critical audit matter included:

- Testing the completeness and accuracy of the underlying data used in making the determination as to the existence of a change in ownership.
- Utilizing professionals with specialized income tax knowledge and skills to assist in evaluating the accuracy of the conclusions reached by management related to a potential change in ownership.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2016.

Houston, Texas

March 13, 2023

RANGER ENERGY SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

	December 31,	
	2022	2021
Assets		
Cash and cash equivalents	\$ 3.7	\$ 0.6
Accounts receivable, net	91.2	80.8
Contract assets	26.9	13.0
Inventory	5.9	2.5
Prepaid expenses	9.2	8.3
Assets held for sale	3.2	—
Total current assets	<u>140.1</u>	<u>105.2</u>
Property and equipment, net	221.6	270.6
Intangible assets, net	7.1	7.8
Operating leases, right-of-use assets	11.2	6.8
Other assets	1.6	2.7
Total assets	<u>\$ 381.6</u>	<u>\$ 393.1</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 24.3	\$ 20.7
Accrued expenses	36.1	30.3
Other financing liability, current portion	0.7	2.2
Long-term debt, current portion	6.8	44.1
Other current liabilities	6.6	5.4
Total current liabilities	<u>74.5</u>	<u>102.7</u>
Operating leases, right-of-use obligations	9.6	5.8
Other financing liability	11.6	12.5
Long-term debt, net	11.6	18.4
Other long-term liabilities	8.1	5.0
Total liabilities	<u>115.4</u>	<u>144.4</u>
Commitments and contingencies (Note 15)		
Stockholders' equity		
Preferred stock, \$0.01 per share; 50,000,000 shares authorized; no Series A shares issued and outstanding as of December 31, 2022; 6,000,001 shares issued and outstanding as of December 31, 2021	—	0.1
Class A Common Stock, \$0.01 par value, 100,000,000 shares authorized; 25,446,292 shares issued and 24,894,464 shares outstanding as of December 31, 2022; 18,981,172 shares issued and 18,429,344 shares outstanding as of December 31, 2021	0.3	0.2
Class B Common Stock, \$0.01 par value, 100,000,000 shares authorized; no shares issued or outstanding as of December 31, 2022 and 2021.	—	—
Less: Class A Common Stock held in treasury at cost; 551,828 treasury shares as of December 31, 2022 and 2021	(3.8)	(3.8)
Retained earnings (accumulated deficit)	7.1	(8.0)
Additional paid-in capital	262.6	260.2
Total stockholders' equity	<u>266.2</u>	<u>248.7</u>
Total liabilities and stockholders' equity	<u>\$ 381.6</u>	<u>\$ 393.1</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except share and per share amounts)

	Years Ended December 31,	
	2022	2021
Revenue		
High specification rigs	\$ 293.2	\$ 140.1
Wireline services	197.0	117.9
Processing solutions and ancillary services	118.3	35.1
Total revenue	608.5	293.1
Operating expenses		
Cost of services (exclusive of depreciation and amortization):		
High specification rigs	232.7	118.8
Wireline services	178.4	115.6
Processing solutions and ancillary services	92.8	28.9
Total cost of services	503.9	263.3
General and administrative	39.9	34.6
Depreciation and amortization	44.4	36.8
Impairment of fixed assets	1.3	—
Gain on sale of assets	(0.7)	(1.1)
Total operating expenses	588.8	333.6
Operating income (loss)	19.7	(40.5)
Other income and expenses		
Interest expense, net	7.3	5.0
Gain on bargain purchase, net of tax	(3.6)	(37.2)
Total other income and expenses	3.7	(32.2)
Income (loss) before income tax expense (benefit)	16.0	(8.3)
Income tax expense (benefit)	0.9	(6.2)
Net income (loss)	15.1	(2.1)
Less: Net loss attributable to non-controlling interests	—	(10.7)
Net income attributable to Ranger Energy Services, Inc.	\$ 15.1	\$ 8.6
Earnings per common share		
Basic	\$ 0.66	\$ 0.73
Diluted	\$ 0.65	\$ 0.63
Weighted average common shares outstanding		
Basic	22,969,623	11,860,312
Diluted	23,370,598	13,552,166

The accompanying notes are an integral part of these Consolidated Financial Statements.

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in millions, except shares)

	Years Ended December 31,			
	2022	2021	2022	2021
	Quantity		Amount	
Series A Preferred Stock				
Balance, beginning of year	6,000,001	—	\$ 0.1	\$ —
Conversion of Series A Preferred Stock	(6,000,001)	6,000,001	(0.1)	0.1
Balance, end of year	<u>—</u>	<u>6,000,001</u>	<u>\$ —</u>	<u>\$ 0.1</u>
Shares, Class A Common Stock				
Balance, beginning of year	18,981,172	9,093,743	\$ 0.2	\$ 0.1
Issuance of shares under share-based compensation plans	484,459	636,403	—	—
Shares withheld for taxes on equity transactions	(119,340)	(147,313)	—	—
Issuance of shares from Series A Preferred Stock conversion	6,000,001	—	0.1	—
Issuance of shares in connection with acquisitions	100,000	2,156,000	—	—
Issuance Class A Common Stock in connection with TRA Termination	—	376,185	—	—
Share redemption for Class A Common Stock from related party	—	6,866,154	—	0.1
Balance, end of year	<u>25,446,292</u>	<u>18,981,172</u>	<u>\$ 0.3</u>	<u>\$ 0.2</u>
Shares, Class B Common Stock				
Balance, beginning of year	—	6,866,154	\$ —	\$ 0.1
Share redemption to Class A Common Stock from related party	—	(6,866,154)	—	(0.1)
Balance, end of year	<u>—</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>
Treasury Stock				
Balance, beginning of year	(551,828)	(551,828)	\$ (3.8)	\$ (3.8)
Balance, end of year	<u>(551,828)</u>	<u>(551,828)</u>	<u>\$ (3.8)</u>	<u>\$ (3.8)</u>
Retained earnings (accumulated deficit)				
Balance, beginning of year			\$ (8.0)	\$ (18.4)
Income attributable to controlling interest			15.1	8.6
Benefit from release of valuation allowance			—	1.5
Tax step-up related to non-controlling interest exchange			—	0.3
Balance, end of year			<u>\$ 7.1</u>	<u>\$ (8.0)</u>
Additional paid-in capital				
Balance, beginning of year			\$ 260.2	\$ 123.9
Issuance of Series A Preferred Stock			—	41.9
Equity based compensation			3.6	3.2
Shares withheld for taxes on equity transactions			(1.2)	(1.2)
Issuance of Class A Common Stock in connection with acquisitions			—	16.4
Issuance of Class A Common Stock to related party			—	3.8
Impact of transactions affecting non-controlling interest			—	72.2
Balance, end of year			<u>\$ 262.6</u>	<u>\$ 260.2</u>
Total controlling interest stockholders' equity				
Balance, beginning of year			\$ 248.7	\$ 101.9
Net income attributable to controlling interest			15.1	8.6
Issuance of Series A Preferred Stock			—	42.0
Equity based compensation			3.6	3.2
Shares withheld for taxes on equity transactions			(1.2)	(1.2)
Issuance of Class A Common Stock in connection with acquisitions			—	16.4
Issuance of Class A Common Stock to related party			—	3.8
Benefit from release of valuation allowance			—	1.5
Tax step-up related to non-controlling interest exchange for TRA Termination			—	0.3
Impact of transactions affecting non-controlling interest			—	72.2
Balance, end of year			<u>\$ 266.2</u>	<u>\$ 248.7</u>
Non-controlling interest				
Balance, beginning of year			\$ —	\$ 82.9
Net loss attributable to non-controlling interest			—	(10.7)
Impact of transactions affecting non-controlling interest			—	(72.2)
Balance, end of year			<u>\$ —</u>	<u>\$ —</u>
Total Stockholders' Equity				
Balance, beginning of year			\$ 248.7	\$ 184.8
Net income (loss)			15.1	(2.1)
Issuance of Series A Preferred Stock			—	42.0
Equity based compensation			3.6	3.2
Shares withheld for taxes on equity transactions			(1.2)	(1.2)
Issuance of Class A Common Stock in connection with acquisitions			—	16.4
Issuance of Class A Common Stock to related party			—	3.8
Tax step-up related to non-controlling interest exchange for TRA Termination			—	1.5
Impact of transactions affecting non-controlling interest			—	0.3
Balance, end of year			<u>\$ 266.2</u>	<u>\$ 248.7</u>

RANGER ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,	
	2022	2021
Cash Flows from Operating Activities		
Net income (loss)	\$ 15.1	\$ (2.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	44.4	36.8
Equity based compensation	3.8	3.2
Impairment of fixed assets	1.3	—
Gain on bargain purchase, net of tax	(3.6)	(37.2)
Deferred income tax expense (benefit)	0.4	(6.2)
Share issuance to related party for termination of TRA	—	3.8
Other expense, net	0.4	1.9
Changes in operating assets and liabilities, net effects of business acquisitions		
Accounts receivable	(10.7)	(49.0)
Contract assets	(13.9)	(11.9)
Inventory	(3.4)	2.7
Prepaid expenses and other current assets	(0.8)	(4.0)
Other assets	(1.9)	(1.7)
Accounts payable	2.8	4.1
Accrued expenses	5.8	19.6
Other current liabilities	1.1	(0.1)
Other long-term liabilities	3.7	0.7
Net cash provided by (used in) operating activities	44.5	(39.4)
Cash Flows from Investing Activities		
Purchase of property and equipment	(13.8)	(5.6)
Proceeds from disposal of property and equipment	24.3	9.1
Purchase of businesses, net of cash received	0.8	(39.9)
Net cash provided by (used in) investing activities	11.3	(36.4)
Cash Flows from Financing Activities		
Borrowings under Credit Facility	582.8	177.5
Principal payments on Credit Facility	(608.4)	(158.0)
Borrowings under Eclipse M&E Term Loan	—	12.5
Principal payments on Eclipse M&E Term Loan	(2.1)	—
Borrowings under Eclipse Term Loan B	—	15.0
Principal payments under Eclipse Term Loan B	(12.4)	(2.6)
Deferred financing costs on Eclipse	—	(2.5)
Principal payments on Secured Promissory Note	(4.1)	(1.0)
Principal payments on Encina Master Financing Agreement	—	(17.7)
Payments on Installment Purchases	(0.5)	(0.6)
Proceeds from financing of sale-leasebacks	—	15.6
Principal payments on financing lease obligations	(4.5)	(5.4)
Principal payments on other financing liabilities	(2.3)	—
Shares withheld on equity transactions	(1.2)	(1.2)
Proceeds from series A Preferred Stock issuance	—	42.0
Net cash provided by (used in) financing activities	(52.7)	73.6
Increase (decrease) in Cash and Cash equivalents	3.1	(2.2)
Cash and Cash Equivalents, Beginning of Year	0.6	2.8
Cash and Cash Equivalents, End of Year	\$ 3.7	\$ 0.6
Supplemental Cash Flow Information		
Interest paid	\$ 1.2	\$ 1.6
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Capital expenditures	\$ 0.2	\$ (1.5)
Additions to fixed assets through installment purchases and financing leases	\$ (5.5)	\$ (1.6)
Issuance of Class A Common Stock for acquisitions	\$ —	\$ (16.4)
Secured Promissory Note	\$ —	\$ (11.4)

The accompanying notes are an integral part of these Consolidated Financial Statements.

RANGER ENERGY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization and Business Operations

Business

Ranger Energy Services, Inc. (“Ranger, Inc.,” or the “Company”) is a provider of onshore high specification (“high-spec”) well service rigs and complementary services in the United States. We provide an extensive range of well site services to leading U.S. exploration and production (“E&P”) companies that are fundamental to establishing and enhancing the flow of oil and natural gas throughout the productive life of a well.

Our service offerings consist of well completion support, workover, well maintenance, wireline, fluid management, other complementary services, as well as installation, commissioning and operating of modular equipment, which are conducted in three reportable segments, as follows:

- *High Specification Rigs.* Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- *Wireline Services.* Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production, and pump down lines of business.
- *Processing Solutions and Ancillary Services.* Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, plug and abandonment, logistics hauling, processing solutions, as well as snubbing and coil tubing.

We operate in most of the active oil and natural gas basins in the United States, including the Permian Basin, Denver-Julesburg Basin, Bakken Shale, Eagle Ford Shale, Haynesville Shale, Gulf Coast, South Central Oklahoma Oil Province and Sooner Trend Anadarko Basin Canadian and Kingfisher Counties plays.

Organization

Ranger Inc. was incorporated as a Delaware corporation in February 2017. Ranger Inc. is a holding company, the sole material assets of which consist of membership interests in RNGR Energy Services, LLC a Delaware limited liability company (“Ranger LLC”). Ranger LLC owns all of the outstanding equity interests in Ranger Energy Services, LLC (“Ranger Services”), Torrent Energy Services, LLC (“Torrent Services”), and Ranger Acquisitions, the subsidiaries through which it operates its assets. Ranger LLC is the sole managing member of Ranger Services and Torrent Services, and is responsible for all operational, management and administrative decisions relating to Ranger Services and Torrent Services’ business and consolidates the financial results of Ranger Services and Torrent Services and their subsidiaries.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying audited Consolidated Financial Statements of the Company have been prepared in accordance with US GAAP and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). In the opinion of management, all material adjustments, which are of a normal and recurring nature, necessary for the fair presentation of the financial results for all periods presented have been reflected. All intercompany balances and transactions have been eliminated.

Investments in which the Company exercises control are consolidated and the noncontrolling interests of such investments, which were not attributable directly or indirectly to the Company, are presented as a separate component of net income or loss and equity in the accompanying Consolidated Financial Statements. The Company’s ownership interests in Ranger LLC, which was consolidated within the Company’s Consolidated Financial Statements, was not wholly owned by the Company through October 1, 2021. Pursuant to the TRA Termination Agreement (as defined herein) all noncontrolling interests in Ranger LLC ceased to exist. Changes in the Company’s ownership interest in Ranger LLC, while it retains its controlling interest, are accounted for as equity transactions.

We have made certain reclassifications to our prior period operating expense amounts for year-over-year comparability purposes. Other immaterial reclassifications have been made for comparability purposes. None of these reclassifications have an impact on our consolidated operating results, cash flows or financial position.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with US 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 revenue and expenses during the reporting period. Management uses historical and other pertinent information to determine these estimates. Actual results could differ from such estimates. Areas where critical accounting estimates are made by management include:

- Depreciation and amortization of property and equipment and intangible assets;
- Assets acquired and liabilities assumed in business combinations;
- Impairment of property and equipment and intangible assets;
- Revenue recognition;
- Income taxes; and
- Equity-based compensation.

Significant Accounting Policies

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less are considered cash equivalents. The Company maintains its cash accounts in financial institutions that are insured by the Federal Deposit Insurance Corporation. From time to time, cash balances may exceed the insured amounts, however, the Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

Accounts Receivable, net

Accounts receivable, net are stated at the amount management expects to collect from outstanding balances. Before extending credit, the Company reviews a customer's credit history and generally does not require collateral from its customers. The allowance for doubtful accounts is established as losses are estimated and are recorded through a provision for bad debts. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and based on past experience and other factors, which, in management's judgment, deserve current recognition in estimating possible bad debts. Such factors include growth and composition of accounts receivable, the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. The allowance for doubtful accounts was \$3.0 million and \$2.8 million for the years ended December 31, 2022 and 2021, respectively. Bad debt expense recorded for the years ended December 31, 2022 and 2021 was \$0.2 million and \$1.5 million, respectively.

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Charged to</u> <u>Operations</u>	<u>Written Off</u>	<u>Balance at End of</u> <u>Year</u>
Allowance for Doubtful Accounts Receivable				
2022	\$ 2.8	\$ 0.2	\$ —	\$ 3.0
2021	\$ 1.6	\$ 1.5	\$ (0.3)	\$ 2.8

Inventories

Inventories are carried at the lower of cost or net realizable value and primarily consists of supplies held for the Wireline Services segment. The Company accounts for inventory using the weighted average cost method.

Leases

Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease, discounted at an annual incremental borrowing rate ("IBR"). ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Variable lease payments are excluded from the ROU asset and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. For certain leases, where variable lease payments are incurred and relate primarily to common area maintenance, in substance fixed payments are included in the ROU asset and lease liability. For those leases that do not provide an implicit rate, we use an IBR based on the estimated rate of interest for a fully collateralized, fully amortizing loan over a similar term of the lease payments at commencement date. ROU assets also include any lease payments made and exclude lease incentives. Lease terms do not include options to extend or terminate the

lease, as management does not consider them reasonably certain to exercise at this time. Leases with terms of 12 months or less are considered short-term leases and therefore payments are recorded as an expense on a straight line basis over the lease term. Any lease and non-components are combined.

Operating Leases

The Company enters into operating leases, primarily for real estate, with terms that vary from less than 12 months to nine years, where certain of the leases contain escalation clauses. The operating leases are included in Operating lease right-of-use assets, Other current liabilities and Operating lease right-of-use obligations in the Consolidated Balance Sheets. Lease costs associated with our yards and field offices are included in Cost of Services and our executive offices are included in General and Administrative expenses in the Consolidated Statements of Operations.

Finance Leases

The Company enters into lease arrangements for certain equipment, which are considered finance leases and generally have a term of three to five years. The assets and liabilities under finance leases are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the estimated useful lives or over the lease term. The finance leases are included in Property and equipment, net, Other current liabilities and Other long-term liabilities in our Consolidated Balance Sheets.

Property and Equipment, net

Property and equipment is stated at cost or estimated fair market value at the acquisition date less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Expenditures for major renewals and betterments are capitalized while expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation does not begin until property and equipment is placed in service. Once placed in service, depreciation on property and equipment continues while being repaired, refurbished or between periods of deployment. During the year ended December 31, 2022, the Company evaluated the useful lives and made adjustments, as needed, however such adjustments were not material to depreciation expense.

Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets, including property and equipment and intangible assets, whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Intangible Assets

Identified intangible assets with determinable lives consist of customer relationships. Customer relationships are straight-line amortized over their estimated useful lives.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In valuing certain assets and liabilities, the inputs used to measure fair value may fall into different levels of the fair value hierarchy, which are summarized, as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities.

Level 2—Other significant observable inputs.

Level 3—Significant unobservable inputs.

The Company's financial instruments consist of cash and cash equivalents, accounts receivables and accounts payables and debt. The fair value of cash and cash equivalents, accounts receivables and accounts payables, which are determined to be Level 1 measurements, approximate fair value due to the short-term nature of these instruments. The carrying value reported for debt approximates fair value because the underlying instruments are at interest rates which approximate current market rates and is considered Level 3 in the fair value hierarchy. The Company did not have any assets or liabilities that were measured at fair value on a recurring basis at December 31, 2022 and 2021. See "Note 3 — Business Combinations," for information regarding the estimated fair value of non-recurring items.

Revenue Recognition

In determining the appropriate amount of revenue to be recognized as the Company fulfills the obligations under its contracts with customers, the following steps must be performed at contract inception: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as the Company satisfies each performance obligation.

The services of each segment are based on mutually agreed upon pricing with the customer prior to the services being performed and, given the nature of the services, do not include any warranty or right of return. Pricing for services are offered at hourly or daily rates, where the rates are, in part, determined by when services are performed and the nature of the specific job, with consideration for the extent of equipment, labor and consumables needed. Accordingly, the agreed-upon pricing is considered to be variable consideration. Pricing for equipment rentals is based on fixed monthly service fees.

We satisfy our performance obligation over time as the services are performed. The Company believes the output method is a reasonable measure of progress for the satisfaction of our performance obligations, which are satisfied over time, as it provides a faithful depiction of (i) our performance toward complete satisfaction of the performance obligation under the contract and (ii) the value transferred to the customer of the services performed under the contract. The Company elected the “right to invoice” practical expedient for recognizing revenue. The Company invoices customers upon completion of the specified services and collection generally occurs within the payment terms agreed upon with customers. Accordingly, there is no financing component to our arrangements with customers.

The Company will periodically incur costs to fulfill contracts with customers and will defer such costs over the earlier of 12 months or the estimated number of months in which they are expected to be consumed. The deferred costs are included within Prepaid assets on the Consolidated Balance Sheets as of December 31, 2022 and 2021. During the years ended December 31, 2022 and 2021, the Company recognized expense of \$0.7 million and \$2.7 million, respectively.

All revenue transactions are presented on a net of sales tax in the Consolidated Statements of Operations.

Contract Balances

Contract assets representing the Company’s rights to consideration for work completed but not billed amounted to \$26.9 million and \$13.0 million as of December 31, 2022 and 2021, respectively. Substantially all of the contract assets as of December 31, 2022 and 2021 were invoiced during the subsequent periods.

The Company does not have any contract liabilities included in the Consolidated Balance Sheets as of December 31, 2022 and 2021.

Income Taxes

The Company provides for income tax expense based on the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded based upon differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The establishment of a valuation allowance requires significant judgment and is impacted by various estimates. Both positive and negative evidence, as well as the objectivity and verifiability of that evidence, is considered in determining the appropriateness of recording a valuation allowance on deferred tax assets. Under US GAAP, the valuation allowance is recorded to reduce the Company’s deferred tax assets to an amount that is more likely than not to be realized and is based upon the uncertainty of the realization of certain federal and state deferred tax assets related to net operating loss carryforwards and other tax attributes. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income. The Company currently believes that it is reasonably possible to achieve a three-year cumulative level of profitability within the next 12 months, and as early as the first half of 2023. Deferred tax expense or benefit is the result of changes in deferred tax assets and liabilities and associated valuation allowances during the period. The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the financial statements at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority.

The income tax provision reflects the full benefit of all positions that have been taken in the Company’s income tax returns, except to the extent that such positions are uncertain and fall below the recognition requirements. In the event that the Company determines that a tax position meets the uncertainty criteria, an additional liability or benefit will result. The amount of unrecognized tax benefit requires management to make significant assumptions about the expected outcomes of

certain tax positions included in filed or yet to be filed tax returns. As of December 31, 2022 and 2021, the Company did not have any uncertain tax positions. The Company is subject to income taxes in the United States and in numerous state tax jurisdictions. The Company's tax filings for 2022, 2021, 2020 and 2019 are subject to audit by the federal and state taxing authorities in most jurisdictions where we conduct business. None of the Company's federal or state tax returns are currently under examination. In the event our tax filings are audited, we may be subject to assessments of additional taxes that are resolved with the authorities or through the courts.

The Company records income tax-related interest and penalties, if applicable, as a component of tax expense. However, there were no such amounts recognized in the consolidated statements of operations in 2022 and 2021.

Equity-Based Compensation

The Consolidated Financial Statements reflect various equity-based compensation awards granted by Ranger Inc. These awards include restricted stock awards and performance stock units. The Company recognizes compensation expense related to equity-based awards based on the estimated fair value of the awards on the date of grant. The fair value of the equity-based awards on the grant date is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. The fair value of the restricted stock awards are estimated using the market price of the Company's shares on the grant date. The fair value of the performance stock units are estimated using an option pricing model that includes certain assumptions, such as volatility, dividend yield and the risk-free interest rate. Changes in these assumptions could change the fair value of our unit based awards and associated compensation expense in our Consolidated Statements of Operations. Forfeitures of all equity-based compensation are recognized as they occur.

Recent Accounting Pronouncements

Recently issued accounting standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses*, which replaces the incurred loss impairment methodology to reflect expected credit losses. The amendment requires the measurement of all expected credit losses for financial assets held at the reporting date to be performed based on historical experience, current conditions and reasonable and supportable forecasts. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2022. The Company adopted this standard on January 1, 2023. This adoption did not have a material impact on the Company's Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for accounting contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships and other transactions that reference the London Interbank Offering Rate ("LIBOR") or another reference rate expected to be discontinued due to the reference rate reform. ASU 2020-04 became effective as of March 12, 2020 and can be applied through December 31, 2022, recently amended by ASU 2022-06 which has delayed the application date through December 31, 2024. On September 23, 2022, the Company entered into the Fourth Amendment to the Loan and Security Agreement (the Eclipse Loan and Security Agreement, as amended through and including the Fourth Amendment, the "Amended Loan Agreement") with EBC and Eclipse Business Capital SPV, LLC where the Secured Overnight Financing Rate ("SOFR") replaced LIBOR as the reference rate for interest on borrowings, effective October 1, 2022.

With the exception of the standards above, there have been no new accounting pronouncements not yet effective that have significance, or potential significance, to the Company's Consolidated Financial Statements.

Note 3 — Business Combinations

The Company completed three acquisitions during the year ended December 31, 2021, where all purchases were accounted for using the acquisition method of accounting under the FASB Accounting Standards Codification 805, *Business Combinations* ("ASC 805"). The results of operations for each of the acquisitions are included in the accompanying Consolidated Statements of Operations from the respective date of each acquisition. Under the acquisition method of accounting, the assets and liabilities have been recorded at their respective estimated fair values as of the date of completion of the acquisition and reported into Ranger's Consolidated Balance Sheets.

The Company utilized valuation techniques consistent with the market approach to measure the fair value of the assets acquired and liabilities assumed in each of the business combinations. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The estimates of fair value required the use of significant unobservable inputs, representative of a Level 3 fair value measurement, including assumptions related to the future performance of the assets.

The supplemental unaudited pro forma information presented below is being provided for information purposes only and may not necessarily reflect the future results of operations of the Company or what the results of operations would have been had the Company owned and operated the assets since January 1, 2021. There were no material non-recurring pro forma adjustments present.

Patriot Well Solutions (“Patriot”) Acquisition

On May 14, 2021, the Company acquired all of the outstanding stock of Patriot, a provider of wireline evaluation and intervention services that operate in the Permian, Denver-Julesburg and Powder River Basins and Bakken Shale.

As consideration for the Patriot Acquisition, the Company paid an aggregate of \$11.0 million, which included 1.3 million shares of Class A Common Stock and cash payments of \$3.3 million, net of cash acquired. Following the acquisition of Patriot, the Company significantly expanded its scale and scope of the existing wireline business. The financial results of Patriot are included within the Wireline Services reporting segment. The pro forma results of operations for the year ended December 31, 2021 for the Patriot Acquisition are not presented because the pro forma effects, individually and in the aggregate, are not material to the Company’s consolidated results of operations. The Company finalized the purchase price allocation in the fourth quarter of 2021.

PerfX Wireline Services (“PerfX”) Acquisition

On July 8, 2021, the Company acquired all of the assets of PerfX, a provider of wireline services that operate in Williston, North Dakota and Midland, Texas. Following the acquisition of PerfX, the Company significantly expanded its scale and scope of the existing wireline business. The financial results of PerfX are included within the Wireline Services reporting segment. The Company finalized the purchase price allocation in the fourth quarter of 2021.

The aggregate consideration paid was \$20.1 million, which included 1.0 million shares of Class A Common Stock and a Secured Promissory Note of \$11.4 million. The Class A Common Stock issuance includes 100,000 shares that were issued by the Company on July 8, 2022, the 12-month anniversary of the acquisition date. The Secured Promissory Note bears an interest rate of 8.5% per annum and holds certain assets as collateral through the scheduled maturity date of January 31, 2024. Refer to “Note 10 — Debt” for further details related to the Secured Promissory Note.

The PerfX purchase price includes a warrant to acquire a 30% ownership in the XConnect Business (“XConnect”), which expires on July 8, 2031. XConnect is the manufacturer of a perforating gun system developed by the PerfX sellers alongside the PerfX wireline service business. The warrant requires the Company to maintain a specific minimum level of purchases of XConnect’s manufactured products. Should the Company fail to maintain the specified minimum level of purchases, a forfeiture event would occur; however, the Company may elect to cure the forfeiture event through a cash payment to XConnect. If the Company elects not to cure the forfeiture event, if one should occur, the ownership percentage would reduce to 15%. Upon the occurrence of a second uncured forfeiture event, the warrant is deemed to be cancelled. The value assigned to the warrant by the Company is negligible as of December 31, 2022. The Company finalized the purchase price allocation in the fourth quarter of 2021.

The following table presents the fair value of assets acquired and liabilities assumed in accordance with ASC 805 (in millions):

Cash	\$	1.0
Accounts receivable		4.6
Inventory		2.4
Prepaid and other current assets		0.1
Operating leases, right-of-use asset		1.1
Property and equipment		18.4
Total assets acquired		27.6
Accounts payable		5.4
Accrued expenses		1.0
Operating lease right-of-use obligation		1.1
Total liabilities assumed		7.5
Purchase price	\$	20.1

The following unaudited pro forma financial results considers that the PerfX Acquisition occurred as of January 1, 2021 (in millions, exception per share amounts):

	Year Ended December 31, 2021
Revenue	\$ 348.0
Operating loss	\$ (41.6)
Net loss	\$ (3.1)
Basic earnings per share	\$ 0.70
Diluted earnings per share	\$ 0.60

The supplemental pro forma information presented above is being provided for information purposes only and may not necessarily reflect what the results of operations would have been had the Company owned and operation the PerfX assets since January 1, 2021. The financial results of PerfX are included in the Wireline Services reporting segment. The Company reported revenue and an operating loss during the year ended December 31, 2021 of approximately \$55.5 million and \$1.5 million, respectively. The transaction costs related to the PerfX Acquisition approximated \$0.7 million and were included as part of General and administrative expense.

Basic Energy Services, Inc. (“Basic”) Acquisition

On September 15, 2021, Ranger Acquisitions entered into an Asset Purchase Agreement for certain assets of Basic and certain of its subsidiaries (the “Basic Sellers”), which closed on October 1, 2021. Ranger Acquisitions purchased assets associated with Basic’s well servicing, fishing and rental, coiled tubing operations, and rolling stock assets required to support the operating assets being purchased and real property locations inclusive of, but not limited to, real property owned in New Mexico, North Dakota, Oklahoma, and Texas.

All assets associated with the Basic Acquisition, were recorded at their fair value. The Company used the market approach as of the closing date, October 1, 2021, to apply fair values to the assets purchased based on the selling price of similar assets. As a result of comparing the purchase price to the fair value of the assets acquired, the Company realized a \$40.8 million bargain purchase gain, net of tax. The bargain purchase gain is primarily attributable Basic’s distressed financial position and lack of financing options available to avoid liquidation.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed as of the closing date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the closing date, the Company recorded adjustments to the assets acquired and liabilities assumed, with the corresponding offset to the bargain purchase. Subsequent to the measurement period, any adjustment to assets acquired or liabilities assumed is included in the operating results in the period in which the adjustment is identified. As of the date of this report, the Company has finalized the purchase price allocation in the fourth quarter of 2022.

During the year ended December 31, 2022, adjustments were made within the permitted measurement period that resulted in an increase to the bargain purchased recognized of \$3.6 million, net of tax, due to updated information regarding facts and circumstances which existed as of the date of the business combination. The measurement period adjustments primarily impacted the bargain purchase gain and property and equipment.

The following table presents the fair value of assets acquired and liabilities assumed in accordance with ASC 805 (in millions):

Property and equipment	\$ 93.5
Total assets acquired	93.5
Finance lease obligations	3.9
Bargain purchase deferred tax liability	11.7
Total liabilities assumed	15.6
Net assets acquired	77.9
Bargain purchase	40.8
Purchase Price	\$ 37.1

The following unaudited pro forma financial results considers that the Basic Acquisition occurred as of January 1, 2021 (in millions, except per share amounts):

	Year Ended December 31, 2021
Revenue	\$ 423.2
Operating loss	\$ (41.2)
Net loss	\$ (3.0)
Basic earnings per share	\$ 0.68
Diluted earnings per share	\$ 0.59

The supplemental pro forma information presented above is being provided for information purposes only and may not necessarily reflect what the results of operations would have been had the Company owned and operated the Basic assets since January 1, 2021. The financial results of Basic are included in the High Specification Rigs and Processing Solutions and Ancillary Services reporting segments. The Company reported revenue and an operating loss during the year ended December 31, 2021 that included approximately \$38.0 million and \$8.0 million, respectively. The transaction costs related to the Basic Acquisition approximated \$7.1 million and were included as part of General and administrative expense.

Note 4 — Assets Held for Sale

Assets held for sale include the net book value of assets the Company plans to sell within the next 12 months and are primarily related to excess assets acquired from the Basic Acquisition. Long-lived assets that meet the held for sale criteria are held for sale and reported at the lower of their carrying value or fair value less estimated costs to sell. The Company intends to sell the excess assets to fund the repayments under the Eclipse Loan and Security Agreement. Refer to “Note 10 — Debt” for further details.

As of December 31, 2022, the Company classified land and buildings within our High Specification Rigs and Processing Solutions and Ancillary Services segments, which are being actively marketed, as held for sale. During the year ended December 31, 2022, the Company recorded an impairment of \$1.3 million to assets held for sale as the carrying value exceeded the fair value less estimated costs to sell. Assets held for sale at December 31, 2022 consisted of the following (in millions):

	December 31, 2022
Land and buildings	\$ 2.2
Other property and equipment	1.0
Assets held for sale	<u>\$ 3.2</u>

As of March 1, 2023, the Company sold \$0.9 million and \$1.0 million land and buildings and other property and equipment, respectively, that were classified as held for sale as of December 31, 2022.

Note 5 — Property and Equipment, Net

Property and equipment include the following (in millions):

	Estimated Useful Life (Years)	December 31,	
		2022	2021
High specification rigs	15	\$ 131.0	\$ 145.4
Machinery and equipment	3 - 30	186.3	185.6
Vehicles	3 - 15	46.9	46.3
Other property and equipment	5 - 25	21.3	30.9
Property and equipment		<u>385.5</u>	<u>408.2</u>
Less: accumulated depreciation		(167.2)	(140.5)
Construction in progress		3.3	2.9
Property and equipment, net		<u>\$ 221.6</u>	<u>\$ 270.6</u>

Depreciation expense was \$43.7 million and \$36.1 million for the years ended December 31, 2022 and 2021, respectively. The Company had assets under finance leases of \$11.7 million and \$12.3 million for the years ended December 31, 2022 and 2021, respectively. For the year ended December 31, 2022, the Company modified the estimated useful life of high specification rigs from 20 years to 15 years and determined the impact on depreciation was immaterial. A change in useful life is treated as a change in accounting estimate and is applied prospectively. During the year ended December 31,

2022, the Company reclassified \$9.0 million of property and equipment to Assets held for sale and disposed of \$19.2 million of assets mostly acquired from the Basic Acquisition with a recognized Gain on sale of assets of \$0.7 million.

Note 6 — Intangible Assets

Definite lived intangible assets are comprised of the following (in millions):

	Estimated Useful Life (Years)	December 31,	
		2022	2021
Customer relationships	10-18	\$ 11.4	\$ 11.4
Less: accumulated amortization		(4.3)	(3.6)
Intangible assets, net		\$ 7.1	\$ 7.8

Amortization expense was \$0.7 million for each of the years ended December 31, 2022 and 2021. Amortization expense for the future periods is expected to be as follows (in millions):

For the years ending December 31,	Amount
2023	\$ 0.7
2024	0.7
2025	0.7
2026	0.7
2027	0.7
Thereafter	3.6
Total	\$ 7.1

Note 7 — Accrued Expenses

Accrued expenses are comprised of the following (in millions):

	December 31,	
	2022	2021
Accrued payables	\$ 15.9	\$ 12.5
Accrued compensation	12.5	12.7
Accrued taxes	2.1	2.1
Accrued insurance	5.6	3.0
Accrued expenses	\$ 36.1	\$ 30.3

Note 8 — Leases

Operating Leases

The Company has operating leases, primarily for real estate and equipment, with terms that vary from one to nine years, included in operating lease costs in the table below. The operating leases are included in Operating leases, right-of-use assets, Other current liabilities and Operating leases, right-of-use obligations in the Consolidated Balance Sheets.

Lease costs associated with yard and field offices are included in cost of services and executive offices are included in general and administrative costs in the Consolidated Statements of Operations. Lease costs and other information related to operating leases are as follows (in millions):

	Years Ended December 31,	
	2022	2021
Short-term lease costs	\$ 13.9	\$ 7.3
Operating lease cost	\$ 3.0	\$ 1.4
Operating cash outflows from operating leases	\$ 2.8	\$ 1.5
Weighted average remaining lease term	4.5 years	5.1 years
Weighted average discount rate	8.1 %	8.9 %

As of December 31, 2022, aggregate future minimum lease payments under operating leases are as follows (in millions):

For the years ending December 31,	Total
2023	\$ 3.2
2024	3.2
2025	3.2
2026	2.8
2027	1.7
Thereafter	0.2
Total future minimum lease payments	14.3
Less: amount representing interest	(2.4)
Present value of future minimum lease payments	11.9
Less: current portion of operating lease obligations	(2.3)
Long-term portion of operating lease obligations	\$ 9.6

Finance Leases

The Company leases certain assets, primarily automobiles, under finance leases with terms that are generally three to five years. The assets and liabilities under finance leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the estimated useful lives or over the lease term. The finance leases are included in Property and equipment, net, Other current liabilities and Other long-term liabilities in the Consolidated Balance Sheets.

Lease costs and other information related to finance leases are as follows (in millions):

	Years Ended December 31,	
	2022	2021
Amortization of finance leases	\$ 2.2	\$ 2.7
Interest on lease liabilities	\$ 0.9	\$ 0.6
Financing cash outflows from finance leases	\$ 4.5	\$ 5.4
Weighted average remaining lease term	1.6 years	1.4 years
Weighted average discount rate	3.7 %	2.1 %

As of December 31, 2022, aggregate future minimum lease payments under finance leases are as follows (in millions):

For the years ending December 31,	2022
2023	\$ 4.4
2024	2.4
2025	1.2
2026	0.1
Total future minimum lease payments	8.1
Less: amount representing interest	(0.6)
Present value of future minimum lease payments	7.5
Less: current portion of finance lease obligations	(4.1)
Long-term portion of finance lease obligations	\$ 3.4

Note 9 — Other Financing Liabilities

During the year ended December 31, 2021, the Company entered into an agreement to sell a parcel of land and a building attached thereto, and subsequently entered into a lease agreement to lease such property. The Company received cash of \$12.1 million from the sale of the land and building. The lease contains a 15-year term and rent escalations of two percent per annum.

During the year ended December 31, 2021, the Company entered into an agreement to sell certain of other fixed assets and subsequently entered into a lease agreement to lease such fixed assets. The Company received cash of \$3.5 million from the sale of the fixed assets. The leased assets are to be paid over 18 to 60 months.

These sales did not qualify for sale accounting, therefore the leases were classified as other financing liabilities and no gain or loss was recorded. The net book value of the assets remained in Property and equipment, net are depreciating over their original useful lives.

As of the year ended December 31, 2022, aggregate future lease payments of the financing liabilities are as follows (in millions):

For the twelve months ending December 31,	Total
2023	\$ 0.7
2024	0.7
2025	0.7
2026	0.7
2027	0.8
Thereafter	8.7
Total future minimum lease payments	\$ 12.3

Note 10 — Debt

The aggregate carrying amounts, net of issuance costs, of the Company's debt consists of the following (in millions):

	December 31,	
	2022	2021
Eclipse Revolving Credit Facility	\$ 1.4	\$ 27.0
Eclipse M&E Term Loan, net	10.4	12.2
Secured Promissory Note	6.1	10.4
Installment Purchases	0.5	1.0
Eclipse Term Loan B	—	11.9
Total Debt	18.4	62.5
Current portion of long-term debt	(6.8)	(44.1)
Long term-debt, net	\$ 11.6	\$ 18.4

Eclipse Loan and Security Agreement

On September 27, 2021, the Company entered into a Loan and Security Agreement with Eclipse Business Capital LLC (“EBC”) and Eclipse Business Capital SPV, LLC, as administrative agent providing the Company with a senior secured credit facility in an aggregate principal amount of \$77.5 million (the “EBC Credit Facility”), consisting of (i) a revolving credit facility in an aggregate principal amount of up to \$50.0 million (the “Revolving Credit Facility”), (ii) a machinery and equipment term loan facility in an aggregate principal amount of up to \$12.5 million (the “M&E Term Loan Facility”) and (iii) a term loan B facility in an aggregate principal amount of up to \$15.0 million (the “Term Loan B Facility”). The Company capitalized fees of \$2.7 million associated with the EBC Credit Facility, which are included in the Consolidated Balance Sheets within Other Assets. Such fees will continue to be amortized through maturity and are included in interest expense, net on the Consolidated Statements of Operations. The Company was in compliance with the Eclipse Loan and Security Agreement covenants as of December 31, 2022.

On January 7, 2022, the Company entered into the First Amendment to Loan and Security Agreement with EBC and Eclipse Business Capital SPV, LLC, which increased the Maximum Revolving Credit Facility Amount (as defined in the Amended Loan Agreement (as defined below)) to \$65 million, among other things. On September 23, 2022, the Company entered into the Fourth Amended Loan and Security Agreement with the EBC Lenders, which, among other things, designated the change in reference rate from LIBOR to SOFR and designated a Letter of Credit in the amount of \$1.6 million to be utilized for working capital and general corporate purposes, as needed.

Revolving Credit Facility

The Revolving Credit Facility was drawn, in part, on September 27, 2021, to repay the indebtedness under the existing EBC Credit Facility, which was terminated in connection with such repayment, and to pay for the fees, costs and expenses incurred in connection with the EBC Credit Facility. The undrawn portion of the Revolving Credit Facility is available to fund working capital and other general corporate expenses and for other permitted uses, including the financing of permitted investments and restricted payments. The Revolving Credit Facility is subject to a borrowing base that is calculated based upon a percentage of the Company's eligible accounts receivable less certain reserves. The Company's eligible accounts receivable serves as collateral for the borrowings under the Revolving Credit Facility and is scheduled to mature in September 2025. The Revolving Credit Facility includes a subjective acceleration clause and cash dominion provisions that

permits the administrative agent to sweep cash daily from certain bank accounts into an account of the administrative agent to repay the Company's obligations under the Revolving Credit Facility. The borrowings of the Revolving Credit Facility, therefore, are classified as current maturities of long-term debt on the Consolidated Balance Sheet.

Under the Revolving Credit Facility, the maximum borrowing capacity was \$60.3 million, which was based on a borrowing base certificate in effect as of December 31, 2022. The Company had outstanding borrowings of \$1.4 million under the Revolving Credit Facility and a \$1.6 million Letter of Credit, leaving a residual \$57.3 million available for borrowings as of December 31, 2022. Borrowings under the Revolving Credit Facility bear interest at a rate per annum ranging from 4.5% to 5.0% in excess of SOFR and 3.5% to 4.0% in excess of the Base Rate, dependent on the fixed cost coverage ratio, through January 1, 2023. The weighted average applicable margin for the loan was 6.6% for the year ended December 31, 2022.

The Company capitalized fees of \$1.8 million associated with the Revolving Credit Facility, which are included in Other Assets in the Consolidated Balance Sheets. Such fees will be amortized through maturity. Unamortized debt issuance costs as of December 31, 2022 were \$1.3 million.

M&E Term Loan Facility

Under the M&E Term Loan Facility, the Company had outstanding borrowings of \$10.4 million as of December 31, 2022, where the monthly installments of \$0.2 million commenced on March 1, 2022. Borrowings under the M&E Term Loan Facility bear interest at a rate per annum equal to 8% in excess of SOFR and 7% in excess of the Base Rate. The weighted average interest rate for the loan was 9.9% for the year ended December 31, 2022. The M&E Term Loan Facility is secured by a lien on certain high-spec rig assets and is scheduled to mature in September 2025. Principal amounts repaid are not available to be reborrowed.

The Company capitalized fees on \$0.3 million associated with this M&E Term Loan Facility, which are included in the Consolidated Balance Sheets as a discount to the long-term debt, net. Such fees will continue to be amortized through maturity and are included in interest expense, net on the Consolidated Statement of Operations. Unamortized debt issuance costs as of December 31, 2022 were \$0.2 million.

Term Loan B

On October 1, 2021, Term Loan B was finalized in connection with the closing of the Basic Acquisition and was drawn in full to repay borrowings under the Revolving Credit Facility. Borrowings under Term Loan B bore interest at a rate per annum equal to 12% in excess of the LIBOR Rate and 11% in excess of the Base Rate. The weighted average interest rate for Term Loan B was 13.0% through the maturity date of August 16, 2022.

The Company capitalized fees of \$0.6 million associated with Term Loan B, which were included in the Consolidated Balance Sheets as a discount to the long-term debt, current portion. Such fees were amortized through maturity and are included in Interest expense, net on the Consolidated Statement of Operations. On August 16, 2022, the remaining balance of the loan was \$0.3 million, which was paid utilizing funds from the Revolving Credit Facility. At the time, the Company had capitalized fees associated with Term Loan B of \$0.1 million, which was charged to interest expense on the Consolidated Statement of Operations.

Secured Promissory Note

In connection with the PerfX Acquisition, on July 8, 2021, Bravo Wireline, LLC, a wholly owned subsidiary of Ranger Services, entered into a security agreement with Chief Investments, LLC, as administrative agent, for the financing of certain assets acquired. Certain of the assets acquired serve as collateral under the Secured Promissory Note. As of December 31, 2022, the aggregate principal balance outstanding was \$6.1 million. Borrowings under the Secured Promissory Note bear interest at a rate of 8.5% per annum and are scheduled to mature in January 2024.

Other Installment Purchases

During the year ended December 31, 2021, the Company entered into various Installment and Security Agreements (collectively, the "Installment Agreements") in connection with the purchase of certain ancillary equipment, where such assets are being held as collateral. As of December 31, 2022, the aggregate principal balance outstanding under the Installment Agreements was \$0.5 million and is payable ratably over 36 months from the time of each purchase. The monthly installment payments contain an imputed interest rate that is consistent with the Company's incremental borrowing rate and is not significant to the Company.

Debt Obligations and Scheduled Maturities

As of December 31, 2022, aggregate principal repayments of total debt for the next five years are as follows (in millions):

For the years ending December 31,	Total
2023	\$ 6.8
2024	6.4
2025	5.4
2026	—
Total	\$ 18.6

Note 11 — Equity

Series A Preferred Stock

On September 10, 2021, the Company consummated the private placement under the Securities Purchase Agreement, with certain accredited investors of 6.0 million newly issued shares of Series A Convertible Preferred Stock, par value \$0.01 per share, in exchange for cash consideration in an aggregate amount of \$42.0 million. The transaction closed on October 1, 2021, and during the year ended December 31, 2022, the Preferred Stock automatically converted into shares of the Company's Class A Common Stock, on April 18, 2022, upon effectiveness of a registration statement filed on Form S-1 by the Company on March 31, 2022 (File No. 001-699-039).

Class A Common Stock

Equity Based Compensation

Overview

The Company has a Long-Term Incentive Plan ("LTIP") for executives, employees, consultants and non-employee directors, under which awards can be granted in the form of stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units, performance awards, dividend equivalents, other stock-based awards, cash awards and substitute awards. Subject to adjustment in accordance with the terms of the LTIP, 3,850,000 shares of Class A Common Stock have been reserved for issuance pursuant to awards under the LTIP. Class A Common Stock withheld to satisfy exercise prices or tax withholding obligations will be available for delivery pursuant to other awards. The LTIP will be administered by the Board or an alternative committee appointed by the Board.

RSAs

The Company has granted RSAs, which generally vest in three equal annual installments beginning on the first anniversary date of the grant. The aggregate fair value of RSAs granted during the years ended December 31, 2022 and 2021 was \$4.9 million and \$4.2 million, respectively. As of December 31, 2022, there was an aggregate of \$4.2 million of unrecognized expense related to RSAs issued, which are expected to be recognized over a weighted average period of 1.5 years.

The following table summarizes the unvested activity for RSAs during the years ended December 31, 2022 and 2021:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period
Unvested at January 1, 2021	1,010,727		
Granted	645,288	\$ 6.58	2.0 years
Forfeited	(253,060)		
Vested	(562,494)		
Unvested at December 31, 2021	840,461	\$ 6.08	1.6 years
Granted	490,447	\$ 9.95	1.9 years
Forfeited	(141,562)		
Vested	(446,322)		
Unvested at December 31, 2022	743,024	\$ 8.27	1.5 years

Performance Stock Units (“PSUs”)

The Company has granted performance awards to certain key employees, in the form of PSUs, which are earned based on the achievement of certain market factors and performance targets at the discretion of the Board of Directors. The PSUs are subject to a three year measurement period during which the number of Class A Common Stock to be issued in settlement of the PSUs remains uncertain until the end of the measurement period and will generally cliff vest based on the level of achievement with respect to the applicable performance criteria. Subsequent to such measurement period, the vesting of PSUs is subject to certification by the Board of Directors. As defined in the respective PSU agreements, the performance criteria applicable to these awards is relative and absolute total shareholder return (“TSR”). Achievement with respect to the relative TSR criteria is determined by the Company’s TSR compared to the TSR of the defined peer group during the measurement period. Achievement with respect to the absolute TSR criteria is based on a measurement of the Company’s stock price growth during the measurement period.

The PSUs that were granted during the years ended December 31, 2022 and 2021 will cliff vest, subject to the achievement of applicable performance criteria and certification by the Board of Directors, on April 23, 2023, March 15, 2024, and December 31, 2024, respectively. As of December 31, 2022, there was an aggregate of \$1.2 million of unrecognized compensation cost related to PSUs.

The following table summarizes the unvested activity for PSUs during the years ended December 31, 2022 and 2021:

	Relative			Absolute		
	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period
Unvested at January 1, 2021	149,073			149,073		
Granted	123,106	\$ 9.24		123,106	\$ 7.45	
Forfeited	(111,382)			(146,863)		
Vested	(54,696)			(19,213)		
Unvested at December 31, 2021	106,101			106,103		
Granted	50,448	\$ 14.11	2.0 years	50,447	\$ 12.69	2.0 years
Forfeited	(35,777)			(35,776)		
Vested	(19,068)			(19,069)		
Unvested at December 31, 2022	101,704		1.4 years	101,705		1.4 years

Issuance of shares in Connection with Acquisitions

As consideration for the Patriot Acquisition, the Company paid an aggregate of \$11.0 million, which included 1.3 million shares of Class A Common Stock. As consideration for the PerfX Acquisition, aggregate consideration paid was \$20.1 million, which included 1.0 million shares of Class A Common Stock. The Class A Common Stock issuance includes 100,000 shares that were issued by the Company on July 8, 2022, the 12-month anniversary of the acquisition date. See “Note 3 — Business Combinations” for further details related to the acquisitions of Patriot and PerfX.

Issuance of shares to a Related Party

During the year ended December 31, 2021, the Company entered into a definitive agreement with affiliates of CSL Capital Management (“CSL”) and Bayou Holdings (“Bayou”) to terminate the Tax Receivable Agreement (the “TRA Termination Agreement”). In consideration of the TRA Termination Agreement, the Company issued an aggregate of 376,185 shares of Class A Common Stock of the Company to affiliates of CSL Capital Management and Bayou Holdings.

Class B Common Stock

During the year ended December 31, 2021, in connection with the TRA Termination Agreement, Ranger LLC redeemed CSL’s and Bayou’s outstanding units in Ranger LLC and the corresponding shares of its Class B Common Stock for an equivalent number of shares of Class A Common Stock. Following this redemption, no shares of Class B Common Stock were issued or outstanding.

Note 12 — Risk Concentrations

Customer Concentrations

During the year ended December 31, 2022, one customer, accounted for approximately 10% of the Company's consolidated revenue. As of December 31, 2022, approximately 9% of the consolidated accounts receivable balance was due from this customer.

For the year ended December 31, 2021, two customers accounted for approximately 15% and 10% of the Company's consolidated revenue. As of December 31, 2021, approximately 15% of the consolidated accounts receivable balance, in aggregate, was due from these customers.

Note 13 — Income Taxes

The Company operates exclusively within the U.S. and is subject to U.S. federal and various state income tax. The effective U.S. federal income tax rate applicable to the Company for the years ended December 31, 2022 and 2021 was 6% and 75%, respectively. Total income tax expense for the year ended December 31, 2022 differed from amounts computed by applying the U.S. federal statutory tax rate of 21% primarily due to the change in Valuation allowance of \$1.5 million and Bargain purchase gain of \$0.8 million and for the year ended December 31, 2021 primarily due to a non-taxable bargain purchase gain.

The Company has recorded a valuation allowance against the realizable value of the loss carryforwards. Management continues to assess the need for a valuation allowance, the analysis of which is subject to change based on numerous factors, including projections of future taxable income, which continues to be assessed based on available information each reporting period. A subsequent increase or decrease in the valuation allowance would result in a corresponding increase or decrease to the net deferred tax assets and an increase or decrease to income tax expense in the period in which change occurs.

	Years Ended December 31,	
	2022	2021
Current expense (benefit)		
Federal	\$ —	\$ —
State	0.5	—
Total current expense (benefit)	0.5	—
Deferred expense (benefit)		
Federal	0.2	(6.4)
State	0.2	0.2
Total deferred expense (benefit)	0.4	(6.2)
Income tax expense (benefit)	\$ 0.9	\$ (6.2)

A reconciliation of the expected income tax expense (benefit) on income (loss) before income taxes using the statutory federal income tax rate of 21% for 2022 and 2021 to income tax expense (benefit) follows (in millions):

	December 31,	
	2022	2021
Income (loss) before income taxes	\$ 16.0	\$ (8.3)
Statutory rate	21 %	21 %
Income tax expense (benefit) computed at statutory rate	\$ 3.4	\$ (1.7)
Reconciling items		
State income taxes, net of federal tax benefit	0.7	0.2
Nontaxable income allocated to non-controlling interest	—	2.2
Bargain purchase gain	(0.8)	(8.2)
Valuation allowance	(1.5)	0.5
Non-deductible expenses and other	(0.9)	0.8
Income tax expense (benefit)	\$ 0.9	\$ (6.2)

As of December 31, 2022, the Company has net operating loss carryforwards of approximately \$69.5 million, consisting of \$6.9 million of section 382 limited losses expiring beginning in 2034, an estimated \$9.9 million of non-section 382 limited losses expiring beginning in 2037 and \$52.7 million of non-section 382 limited losses which carryforward indefinitely.

The tax effects of the cumulative temporary differences resulting in the net deferred income tax liability, which are shown in Other Long-Term Liabilities on the consolidated balance sheet, are as follows (in millions):

	December 31,	
	2022	2021
Deferred income tax assets		
Net operating loss carryforward	\$ 16.0	\$ 17.5
Stock based compensation	1.2	2.0
Valuation allowance	(1.7)	(1.9)
Right-of-use liability	2.7	1.6
Other	1.8	(0.6)
Net deferred income tax asset	<u>\$ 20.0</u>	<u>\$ 18.6</u>
Deferred income tax liabilities		
Property and equipment	(21.8)	(21.5)
Right-of-use assets	(2.5)	(1.5)
Other	(0.3)	1.2
Deferred income tax liability	<u>(24.6)</u>	<u>(21.8)</u>
Net deferred income tax liability	<u>\$ (4.6)</u>	<u>\$ (3.2)</u>

The Company is subject to the following material taxing jurisdictions: the United States and Texas. As of December 31, 2022, the Company had no current tax years under audit. The Company remains subject to examination for federal income taxes and state income taxes for tax years 2016 through 2021.

In August 2022, President Biden signed the Inflation Reduction Act of 2022 (“IRA 2022”) (Public Law Number 117-169) into law. This legislation is not expected to have a material impact on our financial statements.

Other tax matters

The Coronavirus, Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted on March 27, 2020 in the U.S., includes measures to assist companies, including temporary changes to income and non-income-based tax laws. As of December 31, 2022, the Company had deferred payroll tax payments of \$0.9 million and is disclosed in Accounts payable on the Consolidated Balance Sheet; however, there were no other material tax impacts to the Consolidated Financial Statements as it related to COVID-19 measures. The deferred payroll tax payment was paid in January 2023.

Note 14 — Earnings per Share

Earnings per share is based on the amount of earnings allocated to the shareholders and the weighted average number of shares outstanding during the period for each class of common stock. Diluted earnings, or loss, per share is computed giving effect to all potentially dilutive shares. The following table presents the Company's calculation of basic and diluted loss per share for the years ended December 31, 2022 and 2021 (in millions, except share and per share data):

	Years Ended December 31,	
	2022	2021
Income (numerator):		
<i>Basic:</i>		
Income attributable to Ranger Energy Services, Inc.	\$ 15.1	\$ 8.6
Net income attributable to Class A Common Stock	\$ 15.1	\$ 8.6
<i>Diluted:</i>		
Income attributable to Ranger Energy Services, Inc.	\$ 15.1	\$ 8.6
Net income attributable to Class A Common Stock	\$ 15.1	\$ 8.6
Weighted average shares (denominator):		
Weighted average number of shares - basic	22,969,623	11,860,312
Equity compensation awards	400,975	191,854
Conversion of Series A Preferred Stock	—	1,500,000
Weighted average number of shares - diluted	23,370,598	13,552,166
Basic earnings per share	\$ 0.66	\$ 0.73
Diluted earnings per share	\$ 0.65	\$ 0.63

During the year ended December 31, 2021, the Company excluded 0.2 million of equity-based awards, as the effect was anti-dilutive.

Note 15 — Commitments and Contingencies

Legal Matters

From time to time, the Company is involved in various legal matters arising in the normal course of business. The Company does not believe that the ultimate resolution of these matters will have a material adverse effect on its consolidated financial position or results of operations.

Note 16 — Related Party Transactions

Stockholders' Agreement

In connection with the Offering, Ranger entered into a stockholders' agreement (the "Stockholders' Agreement") with the Legacy Owners and the Bridge Loan Lenders (defined below). Among other things, the Stockholders' Agreement provides CSL and Bayou Wells Holdings Company, LLC ("Bayou Holdings") with the right to designate nominees to Ranger's Board of Directors (each, as applicable, a "CSL Director" or "Bayou Director") as follows:

- for so long as CSL beneficially owns at least 50% of Ranger's common stock, at least three members of the Board of Directors shall be CSL Directors and at least two members of the Board of Directors shall be Bayou Directors (which may include Richard Agee, Brett Agee or any other person that may be designated by Bayou Holdings in accordance with the terms of the Stockholders' Agreement);
- for so long as CSL beneficially owns less than 50% but at least 30% of Ranger's common stock, at least three members of the Board of Directors shall be CSL Directors;
- for so long as CSL beneficially owns less than 30% but at least 20% of Ranger's common stock, at least two members of the Board of Directors shall be CSL Directors;
- for so long as CSL beneficially owns less than 20% but at least 10% of Ranger's common stock, at least one member of the Board of Directors shall be a CSL Director; and

- once CSL beneficially owns less than 10% of Ranger’s common stock, CSL will not have any Board designation rights.

In the event the size of Ranger’s Board of Directors is increased or decreased at any time to other than eight directors, CSL’s nomination rights will be proportionately increased or decreased, respectively, rounded up to the nearest whole number.

Tax Receivable Agreement (“TRA”) Termination and Class B Common Stock Redemption

During the year ended December 31, 2021, the Company entered into a definitive agreement with affiliates of CSL and Bayou to terminate the TRA. In consideration of the TRA Termination Agreement, the Company issued an aggregate of 376,185 shares of Class A Common Stock of the Company to affiliates of CSL Capital Management and Bayou Holdings.

During the year ended December 31, 2021, in connection with the TRA Termination Agreement, Ranger LLC redeemed CSL’s and Bayou’s outstanding units in Ranger LLC and the corresponding shares of its Class B Common Stock for an equivalent number of shares of Class A Common Stock. Following this redemption, no shares of Class B Common Stock were issued or outstanding.

Registration Rights Agreement

On August 16, 2017, in connection with the closing of the Offering, the Company entered into a Registration Rights Agreement (the “Registration Rights Agreement”) with certain stockholders (the “Holders”).

Pursuant to, and subject to the limitations set forth in the Registration Rights Agreement, at any time after the 180-day lock-up period, the Holders have the right to require the Company, by written notice, to prepare and file a registration statement registering the offer and sale of a number of their shares of Class A Common Stock. Reasonably in advance of the filing of any such registration statement, the Company is required to provide notice of the request to all other Holders who may participate in the registration. The Company is required to use all commercially reasonable efforts to maintain the effectiveness of any such registration statement until all shares covered by such registration statement have been sold. Subject to certain exceptions, the Company is not obligated to effect such a registration within 90 days after the closing of any underwritten offering of shares of Class A Common Stock requested by the Holders pursuant to the Registration Rights Agreements. The Company is also not obligated to effect any registration where such registration has been requested by the holders of Registrable Securities (as defined in the Registration Rights Agreement) which represent less than \$25 million, based on the five-day volume weighted average trading price of the Class A Common Stock on the New York Stock Exchange.

In addition, pursuant to the Registration Rights Agreement, the Holders have the right to require the Company, subject to certain limitations set forth therein, to effect a distribution of any or all of their shares of Class A Common Stock by means of an underwritten offering. Further, subject to certain exceptions, if at any time the Company proposes to register an offering of its equity securities or conduct an underwritten offering, whether or not for its account, then the Company must notify the Holders of such proposal at least three business days before the anticipated filing date or commencement of the underwritten offering, as applicable, to allow them to include a specified number of their shares in that registration statement or underwritten offering, as applicable.

These registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of shares to be included in a registration or offering and the Company’s right to delay or withdraw a registration statement under certain circumstances. The Company will generally pay all registration expenses in connection with its obligations under the Registration Rights Agreement, regardless of whether a registration statement is filed or becomes effective.

The obligations to register shares under the Registration Rights Agreement will terminate as to any Holder when the Registrable Securities held by such Holder are no longer subject to any restrictions on trading under the provisions of Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), including any volume or manner of sale restrictions. Registrable Securities means all shares of Class A Common Stock owned at any particular point in time by a Holder other than shares (i) sold pursuant to an effective registration statement under the Securities Act, (ii) sold in a transaction pursuant to Rule 144 under the Securities Act, (iii) that have ceased to be outstanding or (iv) that are eligible for resale without restriction and without the need for current public information pursuant to any section of Rule 144 under the Securities Act.

Payments and Purchases

The Company incurred \$0.3 million and \$0.1 million in expenses to CSL and other board members for the years ended December 31, 2022 and 2021, respectively. For the year ended December 31, 2022, amounts collected from Board member Brett Agee was approximately \$0.2 million for asset sales.

Note 17 — Segment Reporting

The Company's operations are located in the United States and organized into three reporting segments: High Specification Rigs, Wireline Services, and Processing Solutions and Ancillary Services. The reportable segments comprise the structure used by the Chief Operating Decision Maker ("CODM") to make key operating decisions and assess performance during the years presented in the accompanying Consolidated Financial Statements. The reportable segments have been categorized based on services provided in each line of business. The tables below present the operating income (loss) measurement, as the Company believes this is most consistent with the principals used in measuring the financial statements.

During the fourth quarter of 2022, the Company determined fixed assets are routinely utilized across multiple segments and Management does not utilize the net property and equipment value as a metric to evaluate the profitability of the respective segments. Therefore, the net property and equipment values have been removed from the segment data presented below. Additionally, as a result of three business combinations, coupled with executive management changes, the Company reevaluated the reportable segments accordingly during the fourth quarter of 2021 and bifurcated the legacy Completion and Other Services segment into Wireline Services, with the remaining business added to the Processing Solutions and Ancillary Services.

The following is a description of the reporting segments as updated during the fourth quarter of 2021:

- **High Specification Rigs.** Provides high-spec well service rigs and complementary equipment and services to facilitate operations throughout the lifecycle of a well.
- **Wireline Services.** Provides services necessary to bring and maintain a well on production and consists of our wireline completion, wireline production, and pump down lines of business.
- **Processing Solutions and Ancillary Services.** Provides other services often utilized in conjunction with our High Specification Rigs and Wireline Services segments. These services include equipment rentals, plug and abandonment, logistics hauling, processing solutions, as well as snubbing and coil tubing.
- **Other.** The Company incurs costs, indicated as Other, that are not allocable to any of the operating segments and includes mostly corporate general and administrative expenses as well as depreciation of office furniture and fixtures and other corporate assets.

Segment information for the years ended December 31, 2022 and 2021 is as follows (in millions):

	Year Ended December 31, 2022				
	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
Revenue	\$ 293.2	\$ 197.0	\$ 118.3	\$ —	\$ 608.5
Cost of services	232.7	178.4	92.8	—	503.9
General and administrative	—	—	—	39.9	39.9
Depreciation and amortization	26.2	11.0	5.3	1.9	44.4
Impairment of fixed assets	—	—	—	1.3	1.3
Gain on sale of assets	—	—	—	(0.7)	(0.7)
Operating income (loss)	34.3	7.6	20.2	(42.4)	19.7
Interest expense, net	—	—	—	7.3	7.3
Income tax expense (benefit)	—	—	—	0.9	0.9
Gain on bargain purchase, net of tax	—	—	—	(3.6)	(3.6)
Net income (loss)	\$ 34.3	\$ 7.6	\$ 20.2	\$ (47.0)	\$ 15.1
Capital expenditures	\$ 8.2	\$ 4.4	\$ 6.5	\$ —	\$ 19.1

Year Ended December 31, 2021

	High Specification Rigs	Wireline Services	Processing Solutions and Ancillary Services	Other	Total
Revenue	\$ 140.1	\$ 117.9	\$ 35.1	\$ —	\$ 293.1
Cost of services	118.8	115.6	28.9	—	263.3
General and administrative	—	—	—	34.6	34.6
Depreciation and amortization	21.5	8.1	5.9	1.3	36.8
Gain on sale of assets	—	—	—	(1.1)	(1.1)
Operating income (loss)	(0.2)	(5.8)	0.3	(34.8)	(40.5)
Interest expense, net	—	—	—	5.0	5.0
Income tax expense (benefit)	—	—	—	(6.2)	(6.2)
Gain on bargain purchase, net of tax	(37.2)	—	—	—	(37.2)
Net income (loss)	\$ 37.0	\$ (5.8)	\$ 0.3	\$ (33.6)	\$ (2.1)
Capital expenditures	\$ 5.9	\$ 2.0	\$ 0.8	\$ —	\$ 8.7

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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 the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2022 due to the material weaknesses identified and described below.

In light of the material weaknesses described below, management performed additional analysis and other procedures to ensure that our interim and annual Consolidated Financial Statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Accordingly, management believes that the Consolidated Financial Statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of our assets that could have a material effect on the Consolidated Financial Statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time.

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 as of December 31, 2022 based on the guidelines established in the Internal Control—Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2022 due to material weaknesses in our control environment whereby the Company did not maintain (1) adequate controls surrounding manual journal entries and account reconciliations resulting from identified segregation of duties conflicts to sufficiently mitigate risks of material misstatement, (2) adequate information technology general controls related to administrative user access to the Company's information systems that are relevant to the preparation of financial statements to ensure appropriate segregation of duties and to adequately restrict access to financial applications and data, and (3) adequate controls over the accounting for complex transactions. Notwithstanding that we did not identify any material misstatements to the consolidated financial statements and there were no changes to previously released financial results as a

result of these material weaknesses, the control deficiencies created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. As a result, management believes that, as of December 31, 2022, our internal control over financial reporting was not effective.

BDO USA, LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has provided an attestation report on Ranger's internal control over financial reporting. As a result of the material weaknesses described below, such report includes an adverse audit report on the effectiveness of internal control over financial reporting as of December 31, 2022.

Material Weaknesses in Internal Control Over Financial Reporting

In connection with the evaluation of the Company's internal control over financial reporting as described above, management has identified the following deficiencies in our control environment in the current period that constituted material weaknesses in the Company's internal control over financial reporting as of December 31, 2022:

- Ineffective controls over segregation of duties related to the review of manual journal entries and account reconciliations. Specifically, certain personnel had the ability to both (a) create and post journal entries within our general ledger system, and (b) review account reconciliations.
- Ineffective information technology general controls related to administrative user access to the Company's information systems that are relevant to the preparation of financial statements to ensure appropriate segregation of duties and to adequately restrict access to financial applications and data.

In addition, the following material weakness previously reporting in our 2021 Annual Report continued to exist as of December 31, 2022.

- Ineffective controls over the accounting for complex transactions.

Notwithstanding we did not identify any material misstatements to the consolidated financial statements and there were no changes to previously released financial results as a result of these material weaknesses, the control deficiencies created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis.

Remediation Efforts to Address the Material Weaknesses Existing in the Current Period

- During the fourth quarter of 2022, management implemented a remediation plan to update its design and implementation of controls to remediate the deficiency related to manual journal entries and enhance the Company's internal control environment. The Company has designed and implemented controls to prevent or detect a material misstatement resulting from certain personnel with the ability to create and post journal entries within the Company's general ledger system. Management has designed and implemented controls over the review of all manual journal entries initiated and approved to ensure appropriate segregation of duties.
- Management has initiated a remediation plan to enhance the design of information technology general controls related to administrative user access by restricting privileged access, implementing controls over user access and enforcing proper segregation of duties within IT environments based on roles and responsibilities.
- Management is enhancing processes and designing and implementing additional internal controls to properly account for complex transactions. Additionally, the Company has hired additional accounting personnel and implementing training of new and existing personnel on proper execution of designed control procedures.

The material weaknesses will not be considered remediated until the controls have operated effectively, as evidenced through testing, for a sufficient number of instances.

Changes in Internal Control over Financial Reporting

Except for the changes in connection with our implementation of the remediation plan discussed above, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Ranger Energy Services, Inc.
Houston, Texas

Opinion on Internal Control over Financial Reporting

We have audited Ranger Energy Services, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements (collectively referred to as "the financial statements") and our report dated March 13, 2023 expressed an unqualified opinion thereon.

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, "Item 9A, Management's 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 company's annual or interim financial statements will not be prevented or detected on a timely basis. These material weaknesses related to management's failure to design and implement controls at a sufficient level of precision over (1) controls surrounding manual journal entries and account reconciliations resulting in segregation of duties conflicts, (2) information technology general controls related to administrative user access to information systems that are relevant to the preparation of financial statements, and (3) controls surrounding the accounting of complex transactions. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 financial statements, and this report does not affect our report dated March 13, 2023 on those financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ BDO USA, LLP

Houston, Texas

March 13, 2023

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Please see the information appearing in the proposal for the election of directors and under the headings “Executive Officers,” “Information Concerning Meetings and Committees of the Board of Directors,” “Code of Business Conduct and Ethics and Corporate Governance Guidelines” and “Delinquent Section 16(a) Reports” in the definitive proxy statement for our 2023 Annual Meeting of Shareholders for the information this Item 10 requires that is incorporated herein by reference.

Item 11. Executive Compensation

Please see the information appearing under the headings “Compensation Discussion and Analysis,” “Director Compensation,” “Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” in the definitive proxy statement for our 2023 Annual Meeting of Shareholders for the information this Item 11 requires that is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Please see the information appearing under the heading “Security Ownership of Certain Beneficial Owners and Management” in the definitive proxy statement for our 2023 Annual Meeting of Shareholders for the information this Item 12 requires that is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Please see the information appearing in the proposal for the election of directors and under the heading “Certain Relationships and Related Transactions” in the definitive proxy statement for our 2023 Annual Meeting of Shareholders for the information this Item 13 requires that is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is BDO USA, LLP, Houston, Texas, Auditor Firm ID: 243.

Please see the information appearing in the proposal for the ratification of the appointment of our independent registered public accounting firm in the definitive proxy statement for our 2023 Annual Meeting of Shareholders for the information this Item 14 requires that is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Financial Statements.

See index to Consolidated Financial Statements included beginning on Page 47.

Financial Statement Schedules.

No other financial statement schedules are submitted because either they are inapplicable or because the required information is included in the Consolidated Financial Statements or notes thereto.

Exhibits.

The exhibits listed on the accompanying Exhibit Index are filed, furnished or incorporated by reference as part of this Annual Report, and such Exhibit Index is incorporated herein by reference.

Exhibit Number	Description
2.1††	<u>Amended and Restated Asset Purchase Agreement dated as of July 31, 2017, by and among ESCO Leasing, LLC, Ranger Energy Services, LLC and Tim Hall (incorporated by reference to Exhibit 2.3 to the Registrant's Form S-1 (File No. 333-218139) filed with the Commission on August 1, 2017).</u>
2.2†	<u>Asset Purchase Agreement, dated July 8, 2021 by and among PerfX Wireline Services, LLC, Bravo Wireline, LLC, Ranger Energy Services, Inc., Charlie Thomas, Shelby Sullivan, Jeff Thomas and Jimmie Hayes (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on July 14, 2021)</u>
2.3†	<u>Asset Purchase Agreement dated as of September 15, 2021, by and among Ranger Energy Acquisition, LLC, Basic Energy Services, Inc., Basic Energy Services, L.P., C&J Well Services, Inc., Taylor Industries, LLC and KVS Transportation, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).</u>
2.4†	<u>Closing Agreement and Amendment No. 1 to Asset Purchase Agreement, dated as of October 1, 2021, by and among Ranger Energy Acquisition, LLC, Basic Energy Services, Inc., Basic Energy Services, L.P., C&J Well Services, Inc., Taylor Industries, LLC and KVS Transportation Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on October 4, 2021).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of Ranger Energy Services, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)</u>
3.2	<u>Amended and Restated Bylaws of Ranger Energy Services, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)</u>
**4.1	<u>Description of Registered Securities</u>
4.2	<u>Registration Rights Agreement (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)</u>
4.3	<u>Stockholders' Agreement (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)</u>
10.1	<u>Amended and Restated Limited Liability Company Agreement of RNGR Energy Services, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38183) filed with the Commission on August 22, 2017)</u>
10.2†	<u>Ranger Energy Services, Inc. 2017 Long Term Incentive Plan (incorporated by reference to Exhibit 4.7 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on August 17, 2017)</u>
10.3†	<u>Amendment to Ranger Energy Services, Inc. 2017 Long Term Incentive Plan. (incorporated by reference to Exhibit 4.4 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on June 1, 2022)</u>
10.4†	<u>Form of Restricted Stock Agreement (Employees) under the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan. (incorporated by reference to Exhibit 4.8 to the Registrant's Form S-8 Registration Statement (File No. 333-220018) filed with the Commission on August 17, 2017)</u>

- 10.5† [Form of Restricted Stock Agreement \(Directors\) under the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan. \(incorporated by reference to Exhibit 4.9 to the Registrant's Form S-8 Registration Statement \(File No. 333-220018\) filed with the Commission on August 17, 2017\)](#)
- 10.6† [Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement \(2019\) \(incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q filed with the Commission on May 1, 2019\)](#)
- 10.7† [Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement \(2020\) \(incorporated by reference to Exhibit 10.25 to the Registrant's Form 10-K \(File No. 001-38183\) filed with the Commission on February 26, 2021\)](#)
- *10.8† [Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement \(2021\)](#)
- *10.9† [Form of Ranger Energy Services, Inc. Performance Stock Unit Award Incentive Agreement \(2022\)](#)
- 10.10 [Tax Receivable Agreement \(incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.11 [Tax Receivable Termination and Settlement Agreement entered into as of September 10, 2021, by and among Ranger Energy Services, Inc., affiliates of CSL Capital Management, L.P., and Bayou Well Holdings Company, LLC. \(incorporated by reference to Exhibit 10.4 of the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on October 4, 2021\).](#)
- 10.12† [Indemnification Agreement \(William M. Austin\) \(incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.13† [Indemnification Agreement \(Brett T. Agee\) \(incorporated by reference to Exhibit 10.6 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.14† [Indemnification Agreement \(Richard E. Agee\) \(incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.15† [Indemnification Agreement \(Charles S. Leykum\) \(incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.16† [Indemnification Agreement \(Krishna Shivram\) \(incorporated by reference to Exhibit 10.14 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on August 22, 2017\)](#)
- 10.17† [Indemnification Agreement \(Gerald Cimador\) \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on January 5, 2018\)](#)
- 10.18† [Indemnification Agreement \(Byron Dunn\) \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on March 26, 2020\)](#)
- 10.19† [Indemnification Agreement \(Michael C. Kearney\) \(incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed with the Commission on July 31, 2018\)](#)
- 10.20† [Indemnification Agreement, dated as of June 15, 2022, by and between the Company and Melissa Cogle \(incorporated by reference to Exhibit 10.2 to the Company's Form 8-K \(File No. 001-38183\) filed with the SEC on June 9, 2022\).](#)
- 10.21† [Indemnification Agreement, dated as of September 1, 2021, by and between the Ranger Energy Services, Inc. and Stuart Bodden \(incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on September 8, 2021\).](#)
- 10.22† [Employment Agreement, dated as of September 1, 2021, by and between Ranger Energy Services, Inc. and Stuart Bodden \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on September 8, 2021\).](#)
- 10.23† [Employment Agreement, dated as of June 15, 2022, by and between the Company and Melissa Cogle \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K \(File No. 001-38183\) filed with the SEC on June 9, 2022\).](#)
- 10.24 [Master Financing and Security Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on June 22, 2018\)](#)
- 10.25 [Debt Commitment Letter, dated as of September 10, 2021, by and among RNGR Energy Services, LLC, Eclipse Business Capital, LLC and Eclipse Business Capital SPV, LLC \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on September 29, 2021\).](#)
- 10.26 [Loan and Security Agreement, dated as of September 27, 2021, by and among RNGR Energy Services, LLC and certain of its subsidiaries, Ranger Energy Services, Inc., the lenders party thereto, and Eclipse Business Capital LLC, as agent \(incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on September 29, 2021\).](#)

- 10.27 [First Amendment to the Loan and Security Agreement, dated January 7, 2022, by and among RNGR Energy Services, LLC and certain of its subsidiaries, Ranger Energy Services, Inc., the lenders party thereto, and Eclipse Business Capital, LLC, as agent \(incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on January 13, 2022\).](#)
- 10.28 [Fourth Amendment to the Loan and Security Agreement, dated September 23, 2022, by and among RNGR Energy Services, LLC and certain of its subsidiaries, Ranger Energy Services, Inc., the lenders party thereto, and Eclipse Business Capital, LLC, as agent.](#)
- 10.29 [Secured Promissory Note, date July 8, 2021 by and among Bravo Wireline, LLC and Chief Investments, LLC \(incorporated by reference to Exhibit 2.2 to the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on July 14, 2021\)](#)
- 10.30 [Guaranty Agreement, dated as of July 8, 2021 by Ranger Energy Services, Inc. in favor of Chief Investments, LLC \(incorporated by reference to Exhibit 10.2 of the Registrant's Form 10-Q \(File No. 001-38183\) filed with the Commission on July 30, 2021\).](#)
- 10.31† [Securities Purchase Agreement entered into as of September 10, 2021, by and between Ranger Energy Services, Inc., and the purchasers named therein \(incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on October 4, 2021\).](#)
- 10.32 [Registration Rights Agreement made and entered into as of September 10, 2021, by and among Ranger Energy Services, Inc., and each of the parties listed on the signature pages therein \(incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on October 4, 2021\).](#)
- 10.33† [Voting Agreement, dated as of September 10, 2021, entered into by and among Ranger Energy Services, Inc., affiliates of CSL Capital Management, L.P., and Bayou Well Holdings Company, LLC \(incorporated by reference to Exhibit 10.3 of the Registrant's Form 8-K \(File No. 001-38183\) filed with the Commission on October 4, 2021\).](#)
- *21.1 [List of subsidiaries of Ranger Energy Services, Inc.](#)
- *23.1 [Consent of BDO USA, LLP](#)
- *31.1 [Certification of Chief Executive Officer Pursuant to Rule 13a-14\(a\)/15d-14\(a\) of the Securities Exchange Act of 1934](#)
- *31.2 [Certification of Chief Financial Officer Pursuant to Rule 13a-14\(a\)/15d-14\(a\) of the Securities Exchange Act of 1934](#)
- **32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- **32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- *101.CAL XBRL Calculation Linkbase Document
- *101.DEF XBRL Definition Linkbase Document
- *101.INS XBRL Instance Document
- *101.LAB XBRL Labels Linkbase Document
- *101.PRE XBRL Presentation Linkbase Document
- *101.SCH XBRL Schema Document

* Filed as an exhibit to this Annual Report on Form 10-K

** Furnished as an exhibit to this Annual Report on Form 10-K

†

Compensatory plan or arrangement

†† Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish a supplemental copy of any omitted schedule or similar attachment to the SEC upon request.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Ranger Energy Services, Inc.

<u>/s/ Stuart N. Bodden</u>	<u>March 13, 2023</u>
Stuart N. Bodden	Date
President, Chief Executive Officer and Director (Principal Executive Officer)	

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stuart N. Bodden</u> Stuart N. Bodden	President, Chief Executive Officer and Director (Principal Executive Officer)	<u>March 13, 2023</u>
<u>/s/ Melissa K. Cogle</u> Melissa K. Cogle	Chief Financial Officer (Principal Financial Officer)	<u>March 13, 2023</u>
<u>/s/ William M. Austin</u> William M. Austin	Chairman of the Board	<u>March 13, 2023</u>
<u>/s/ Brett T. Agee</u> Brett T. Agee	Director	<u>March 13, 2023</u>
<u>/s/ Richard E. Agee</u> Richard E. Agee	Director	<u>March 13, 2023</u>
<u>/s/ Krishna Shivram</u> Krishna Shivram	Director	<u>March 13, 2023</u>
<u>/s/ Charles S. Leykum</u> Charles S. Leykum	Director	<u>March 13, 2023</u>
<u>/s/ Gerald C. Cimador</u> Gerald C. Cimador	Director	<u>March 13, 2023</u>
<u>/s/ Michael C. Kearney</u> Michael C. Kearney	Director	<u>March 13, 2023</u>
<u>/s/ Byron A. Dunn</u> Byron A. Dunn	Director	<u>March 13, 2023</u>

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Ranger Energy Services, Inc. (the "Company" or "we") is based upon the Company's amended and restated certificate of incorporation, the Company's amended and restated bylaws and applicable provisions of law. We have summarized certain portions of the Company's amended and restated certificate of incorporation and amended and restated bylaws below. The summary is not complete and is subject to, and is qualified in its entirety by express reference to, the provisions of applicable law and to the Company's amended and restated certificate of incorporation and amended and restated bylaws.

Authorized Capital Stock

The authorized capital stock of the Company consists of 100,000,000 shares of Class A common stock, \$0.01 par value per share, 100,000,000 shares of Class B common stock, \$0.01 par value per share and 50,000,000 shares of preferred stock, \$0.01 par value per share. As of February 28, 2023, we had 24,896,972 shares of Class A Common Stock and no shares of Class B Common Stock outstanding, and no shares issued and outstanding of Series A Convertible Stock.

Class A Common Stock

Voting Rights. Holders of shares of Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights. Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the shareholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters. The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

Voting Rights. Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the shareholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our shareholders for their vote or approval, except with respect to the amendment of certain provisions of our amended and restated certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law.

Dividend and Liquidation Rights. Holders of our Class B common stock do not have any right to receive dividends, unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable or redeemable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable or redeemable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock. Holders of our Class B common stock do not have any right to receive a distribution upon a liquidation or winding up of the Company.

Redemption Right. Each member of RNGR Energy Services, LLC ("Ranger LLC") has received one share of Class B common stock for each unit of Ranger LLC (a "Ranger LLC Unit") that it holds. Accordingly, each member of Ranger

LLC has a number of votes in the Company equal to the aggregate number of Ranger LLC Units that it holds. Pursuant to the amended and restated limited liability company agreement (the “Ranger LLC Agreement”), each holder of Ranger LLC Units has the right to redeem his or her Ranger LLC Units, together with an equal number of shares of Class B common stock, for shares of Class A common stock (or cash at the Company’s election, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications).

Preferred Stock

Under our Amended and Restated Certificate of Incorporation, our board of directors has the authority to issue preferred stock in one or more series, and to fix for each series the voting powers, designations, preferences and relative, participating, optional or other rights and the qualifications, limitations or restrictions, as may be stated and expressed in any resolution or resolutions adopted by our board of directors providing for the issuance of such series as may be permitted by the DGCL, including dividend rates, conversion rights, terms of redemption and liquidation preferences and the number of shares constituting each such series, without any further vote or action by our stockholders.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may restrict dividends on our common stock, dilute the voting power of our common stock or subordinate the liquidation rights of our common stock.

The Certificate of Designation of Preferences, Powers, Preferences and Rights relating to the Series A Convertible Preferred Stock (the “Certificate of Designation”), provided for the authorization and issuance of 6,000,001 shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) to be issued pursuant to the Securities Purchase Agreement, by and between the Company and the purchasers thereof, dated September 10, 2021 (the “Purchase Agreement”). The Preferred Stock automatically converted into shares of the Company’s Class A Common Stock, on April 18, 2022, upon effectiveness of a registration statement filed on Form S-1 by the Company on March 31, 2022 (File No. 001-699-039).

Voting Rights. Holders of Series A Preferred Stock will vote as a separate class only on matters adversely affecting the Series A Preferred Stock. The Series A Preferred Stock will not have any right to vote together with the common stock on any matters. In all cases where the holders of Series A Preferred Stock have the right to vote separately as a class as provided by or otherwise by the DGCL, each holder of Series A Preferred Stock shall be entitled to one vote for each share of Series A Preferred Stock held by such holder. The holders of Series A Preferred Stock have the right to vote on (i) any alteration, change, modification or amendment to the terms of the Series A Preferred Stock or the terms of any other capital stock of the Company so as to affect adversely the Series A Preferred Stock; (ii) the creation, or authorization of the creation of, any Senior Securities or Parity Securities to the Series A Preferred Stock as to dividend, redemption or distribution of assets upon a liquidation event; (iii) an increase of the authorized number of shares of Series A Preferred Stock; (iv) the issuance of any Parity Securities or Senior Securities; and (v) the issuance of any Series A Preferred Stock except pursuant to the terms of the Purchase Agreement.

Liquidation Rights. In the event of any liquidation, dissolution or winding up, whether voluntary or involuntary (each, a “Liquidation Event”), after payment or provision for payment of our debts and other liabilities and payment or setting aside for payment of any preferential amount due to the holders of any other class or series of stock, the holders of our Series A Preferred Stock will be entitled to receive out of the assets of the Company available for distribution, before any distribution of assets is made on the common stock or any other class or series of equity security of the Company the terms of which do not expressly provide that it ranks senior in preference or priority to or on parity, without preference or priority, with the Series A Preferred Stock, an amount equal to the greater of (i) the original issue price of \$7.00 per share of Series A Preferred Stock, plus an amount equal to any and all accrued and unpaid dividends, if any, per share, in each case as adjusted for any stock dividends, splits, combinations and similar events on the Series A Preferred Stock, attributable to the Series A Preferred Stock and (ii) the product of (x) the amount per share that would have been payable upon such Liquidation Event to the holders of shares of common stock (assuming the conversion of each share of Series A Preferred Stock in Class A Common Stock), multiplied by (y) the number of shares of Class A Common Stock into which each share of Series A Preferred Stock is then convertible.

Automatic Conversion. Each share of Series A Preferred Stock automatically converted into a number of shares of Class A Common Stock on April 18, 2022, upon effectiveness of a registration statement filed on Form S-1 by the Company on March 31, 2022 (File No. 001-699-039).

Dividend Rights. Holders of Series A Preferred Stock will be entitled to participate equally and ratably with the holders of shares of common stock in all dividends or other distributions on the shares of common stock as if immediately prior to each record date for the common stock, shares of Series A Preferred Stock then outstanding were converted into shares of common stock.

**Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, Our
Amended and Restated Bylaws and Delaware Law**

Some provisions of Delaware law, and our amended and restated certificate of incorporation and our amended and restated bylaws described below, contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise; or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that shareholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are not subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested shareholder for a period of three years following the date that the shareholder became an interested shareholder, unless:

- the transaction is approved by the board of directors before the date the interested shareholder attained that status;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

Amended and Restated Certificate of Incorporation and Bylaws

Provisions of our amended and restated certificate of incorporation and our amended and restated bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that our shareholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws:

- establish advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our shareholders. These procedures provide that notice of shareholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our amended and restated bylaws specify the requirements as to form and content of all shareholders' notices. These requirements may preclude shareholders from bringing matters before the shareholders at an annual or special meeting;
 - provide our board of directors the ability to authorize undesignated preferred stock. This ability makes it possible for our board of directors to issue, without shareholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company;
 - provide that the authorized number of directors may be changed only by resolution of the board of directors;
-

- provide that, after our legacy investors, including CSL Capital Management, LLC (“CSL”) and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum (prior to such time, vacancies may also be filled by shareholders holding a majority of the outstanding shares entitled to vote);
- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, any action required or permitted to be taken by the shareholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing in lieu of a meeting of such shareholders, subject to the rights of the holders of any series of preferred stock with respect to such series;
- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then-outstanding shares of stock entitled to vote thereon;
- provide that, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, special meetings of our shareholders may only be called by the board of directors;
- provide, after CSL and its affiliates no longer collectively hold more than 50% of the voting power of our common stock, for our board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three-year terms, other than directors that may be elected by holders of preferred stock, if any. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for shareholders to replace a majority of the directors;
- provide that we renounce any interest in existing and future investments in other entities by, or the business opportunities of, CSL and its affiliates and that they have no obligation to offer us those investments or opportunities; and
- provide that our amended and restated bylaws can be amended by the board of directors.

Forum Selection

Our amended and restated certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders;
- any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine;

in each such case, subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our amended and restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, this forum selection provision. The forum selection provision is not, however, intended to be deemed a

waiver by any stockholder with respect to our compliance with U.S. federal securities laws, and the application of the forum selection provision may in some instances be limited by applicable law.

Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

RANGER ENERGY SERVICES, INC.
PERFORMANCE STOCK UNIT AWARD INCENTIVE AGREEMENT

THIS PERFORMANCE STOCK UNIT AWARD INCENTIVE AGREEMENT (this “**Agreement**”) is made and entered into by and between Ranger Energy Services, Inc., a Delaware corporation (the “**Company**”), and _____, an individual and employee of the Company (“**Grantee**”), as of the 7th day of May, 2021 (the “**Grant Date**”), subject to the terms and conditions of the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan, as it may be amended from time to time thereafter (the “**Plan**”). The Plan is hereby incorporated herein in its entirety by this reference. Capitalized terms not otherwise defined in this Agreement shall have the meaning given to such terms in the Plan.

WHEREAS, Grantee is _____ of the Company, and in connection therewith, the Company desires to grant a Performance-Based Stock-Based Award to Grantee, subject to the terms and conditions of this Agreement and the Plan, with a view to increasing Grantee’s interest in the Company’s success and growth; and

WHEREAS, Grantee desires to be the holder of a Performance-Based Stock-Based Award subject to the terms and conditions of this Agreement and the Plan;

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained herein, and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Grant of Performance Stock Units.** Subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to Grantee _____ Performance Stock Units as described herein (the “**Performance Stock Units**”), which constitute a Performance-Based Stock-Based Award that is referred to as a Performance-Based Award under the Plan. Each Performance Stock Unit shall initially represent the equivalent of one Share as of the Grant Date, with the actual number of Shares to be paid out to be determined under the terms and conditions of this Agreement. With respect to the Performance Stock Units granted under this Agreement, the Committee reserves the right and authority, as exercised in its discretion, to modify, waive or adjust any term or condition of an Award that has been granted, which may include the acceleration of vesting, waiver of forfeiture restrictions, modification of the form of settlement of the Award, early termination of a performance period, or modification of any other condition or limitation regarding an award, at any time before or after the Incentive Award becomes fully vested but prior to actual payment, but at all times subject to Section 6 for Detrimental Conduct. As a holder of Performance Stock Units, the Grantee has the rights of a general unsecured creditor of the Company unless and until the Performance Stock Units are converted to Shares upon vesting and transferred to Grantee, as set forth herein.

2. **Transfer Restrictions.** Grantee shall not sell, assign, transfer, exchange, pledge, encumber, gift, devise, hypothecate or otherwise dispose of (collectively, “**Transfer**”) any Performance Stock Units granted hereunder. Any purported Transfer of Performance Stock Units in breach of this Agreement shall be void and ineffective, and shall not operate to Transfer any interest or title to the purported transferee.

3. **Vesting of Performance Stock Units.**

(a) *Performance Period.* For purposes of this Agreement, the performance period is the three-year period that begins on May 6, 2021 and ends on March 15, 2024 (the “**Performance Period**”). Subject to the terms and conditions of this Agreement, the Performance Stock Units shall vest and become payable to Grantee at the end of the Performance Period, provided that (i) Grantee is still an Employee at that time and has continuously been an Employee since the Grant Date (the “**Service Requirement**”) and (ii) the Board, or a duly authorized committee thereof, has certified in writing that the performance criterion established for the Performance Period as described below (the “**Performance Criterion**”) has been achieved. All Performance Stock Units that do not become vested during or at the end of the Performance Period shall be forfeited. The Board, in its discretion, may adjust the Performance Criterion to recognize special or non-recurring situations or circumstances with respect to the Company or any other company in the Peer Group for any year during the Performance Period arising from the acquisition or disposition of assets, costs associated with exit or disposal activities or material impairments. There are two Performance Criterion

that have been established for the Performance Stock Units awarded under this Agreement, as described in subsections (b) and (c) below.

(b) RTSR. The first Performance Criterion is the Company’s Relative Total Shareholder Return (“**RTSR**”) as defined in Exhibit A to this Agreement (the “**RTSR Criterion**”). The Company’s RTSR is compared to the RTSR of each of the peer group companies, as listed on Exhibit A to this Agreement (each a “**Peer Company**” and as a group, the “**Peer Group**”), as of the end of each calendar year within the Performance Period to determine where the Company ranks when compared to the Peer Group. The RTSR Criterion is one-hundred percent (100%) of the total weighting for fifty percent (50%) of the Performance Stock Units awarded under this Agreement.

(c) Absolute RNGR Stock Price. The second Performance Criterion is the Absolute Total Shareholder Return (the “**Absolute TSR**”) as defined in Exhibit A to this Agreement (the “**Absolute TSR Criterion**”). The Company’s Absolute TSR will be measured from a base stock price of six dollars and eight cents per share (\$6.08/share, the “**Base Price**”), and such Base Price will be compared with the price per share on the last day of trading during the Performance Period to determine the payout. The Absolute TSR Criterion is one-hundred percent (100%) of the total weighting for fifty percent (50%) of the Performance Stock Units awarded under this Agreement.

(d) Changes in Peer Group. When calculating RTSR for the Performance Period for the Company and the Peer Group, (i) the performance of a company in the Peer Group will not be used in calculating the RTSR of that member of the Peer Group if the company is not publicly traded (*i.e.*, has no ticker symbol) at the end of the Performance Period; (ii) the performance of any company in the Peer Group that becomes bankrupt during the Performance Period will be included in the calculation of Peer Group performance even if it has no ticker symbol at the end of the measurement period; and (iii) the performance of the surviving entities will be used in the event there is a combination of any of the Peer Group companies during the measurement period. The Board may disregard any of these guidelines when evaluating changes in the membership of the Peer Group during the Performance Period in any particular situation, as it deems reasonable in the exercise of its discretion.

(e) Ranking of Company as Compared to the Peer Group for Purposes of the RTSR Criterion. The Board will rank the Company’s performance against the RTSR Criterion within the Peer Group (set forth on Exhibit A) as of March 15, 2024, and apply the award multiplier from the following table:

Relative TSR Performance			
Relative TSR Performance Rank	Percentile Ranking	Award Payout	Payout vs. Target
1	100%	Maximum	200%
2	90%		180%
3	80%		160%
4	70%	Stretch	140%
5	60%		120%
6	50%	Target	100%
7	40%		75%
8	30%	Threshold	50%
9	20%		0%
10	10%		0%
11	0%		0%

Should the stock price fall to \$5.17 per share or less (a price that is 15% below the stock price of \$6.08, which is the price authorized by the Board), then the maximum payout available is the Target Level of 100%, regardless of relative rank.

(f) Determination of Payout for Purposes of the Absolute TSR Criterion. The Board will rank the Company’s performance against the Absolute TSR Criterion as of March 15, 2024, and apply the award multiplier from the following table:

Absolute TSR		
Stock Price Growth	Award Payout	Payout vs. Target
75%	Maximum	200%
69%		175%
63%		150%
56%		125%
50%	Target	100%
37%		75%
23%		50%
10%	Threshold	25%

4. **Termination of Employment.** If Grantee's Employment is voluntarily or involuntarily terminated during the Performance Period, then Grantee shall immediately forfeit the outstanding Performance Stock Units, except as provided below in this [Section 4](#). Upon the forfeiture of any Performance Stock Units hereunder, the Grantee shall cease to have any rights in connection with such Performance Stock Units as of the date of forfeiture.

(a) *Termination of Employment.* Except as provided in [Section 4\(c\)](#), if the Grantee's Employment is terminated for any reason, other than due to death or Disability during the Performance Period, any non-vested Performance Stock Units at the time of such termination shall automatically expire and terminate and no further vesting shall occur after the termination of Employment date. In such event, the Grantee will receive no payment for unvested Performance Stock Units.

(b) *Disability or Death.* Upon termination of Grantee's Employment as the result of Grantee's Disability (as defined below) or death during the Performance Period, then all of the outstanding Performance Stock Units shall become 100% vested on such date at the 1.0 multiplier award level. For purposes of this Agreement, "**Disability**" means (i) a disability that entitles the Grantee to benefits under the Company's long-term disability plan, as may be in effect from time to time, as determined by the plan administrator of the long-term disability plan or (ii) a disability whereby the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(c) *Change in Control.* If there is a Change in Control of the Company (as defined in the Plan) during the Performance Period, then in the event of the Grantee's Involuntary Termination Without Cause (as defined below) within two (2) years following the effective date of the Change in Control and during the same Performance Period, all the outstanding Performance Stock Units shall automatically become 100% vested on the Grantee's termination of Employment date at the 1.0 multiplier award level.

(d) For purposes of this Agreement, "**Involuntary Termination Without Cause**" means the Employment of Grantee is involuntarily terminated by the Company (or by any successor to the Company) for any reason, including, without limitation, as the result of a Change in Control, except due to death, Disability or Cause; provided, that in the event of a dispute regarding whether Employment was terminated voluntarily or involuntarily, or with or without Cause, such dispute will be resolved by the Board, in good faith, in the exercise of its discretion.

5. **Payment for Performance Stock Units.** Payment for the vested Performance Stock Units subject to this Agreement shall be made to the Grantee as soon as practicable following the time such Performance Stock Units become vested in accordance with [Section 3](#) or [Section 4](#) prior to their expiration, but not earlier than thirty (30) days, and not later than ninety (90) days following the date of such vesting event. The number of Performance Stock Units that vest and are payable hereunder shall be determined by the Board, in its discretion, in accordance with the Payout Schedule in [Section 3](#).

The number of Shares payable to the Grantee pursuant to this Agreement shall be an amount equal to the number of vested Performance Stock Units multiplied by the award multiplier for the level of achievement of the Performance Criterion determined in [Section 3\(d\)](#). The maximum payout for each Performance Stock Unit is two (2.0) Shares because the maximum award multiplier on the Payout Schedule is 2.00.

Any amount paid in respect of the vested Performance Stock Units shall be payable in Class A Common Stock Shares. Prior to any payments under this Agreement, the Board shall certify in writing, by resolution or otherwise, the amount to be paid in respect of the Performance Stock Units as a result of the achievement of the Performance Criterion.

Any Shares delivered to or on behalf of Grantee in respect of vested Performance Stock Units shall be subject to any further transfer or other restrictions as may be required by securities law or other applicable law, as determined by the Company.

6. **Detrimental Conduct.** In the event that the Board should determine, in its sole and absolute discretion, that, during Employment or within two (2) years following Employment termination for any reason, the Grantee engaged in Detrimental Conduct (as defined below), the Board may, in its sole and absolute discretion, if Shares have previously been transferred to the Grantee pursuant to Section 5 upon vesting of his Performance Stock Units, direct the Company to send a notice of recapture (a “**Recapture Notice**”) to such Grantee. Within ten (10) days after receiving a Recapture Notice from the Company, the Grantee will deliver to the Company either (i) the actual number of Shares that were transferred to the Grantee upon vesting of Performance Stock Units or (ii) a cash equivalent payment in an amount equal to the Fair Market Value of such Shares at the time when transferred to the Grantee, unless the Recapture Notice demands repayment of a lesser sum. All repayments hereunder shall be net of the taxes that were withheld by the Company when the Shares were originally transferred to Grantee following vesting of the Performance Stock Units pursuant to Section 5. For purposes of this Agreement, a Grantee has committed “**Detrimental Conduct**” if the Grantee (a) violated a confidentiality, non-solicitation, non-competition or similar restrictive covenant between the Company or one of its Affiliates and such Grantee, including violation of a Company policy relating to such matters, or (b) engaged in willful fraud that causes harm to the Company or one of its Affiliates or that is intended to manipulate the performance results of any Incentive Award, including, without limitation, any material breach of fiduciary duty, embezzlement or similar conduct that results in a restatement of the Company’s financial statements.

7. **Grantee’s Representations.** Notwithstanding any provision hereof to the contrary, the Grantee hereby agrees and represents that Grantee will not acquire any Shares, and that the Company will not be obligated to issue any Shares to the Grantee hereunder, if the issuance of such Shares constitutes a violation by the Grantee or the Company of any law or regulation of any governmental authority. Any determination in this regard that is made by the Board, in good faith, shall be final and binding. The rights and obligations of the Company and the Grantee are subject to all applicable laws and regulations.

8. **Tax Withholding.** To the extent that the receipt of the payment of Shares hereunder results in compensation income to Grantee for federal, state or local income tax purposes, Grantee shall deliver to Company at such time the sum that the Company requires to meet its tax withholding obligations under applicable law or regulation, and, if Grantee fails to do so, Company is authorized to (a) withhold from any cash or other remuneration (including any Shares), then or thereafter payable to Grantee, any tax required to be withheld; or (b) sell such number of Shares as is appropriate to satisfy such tax withholding requirements before transferring the resulting net number of Shares to Grantee in satisfaction of its obligations under this Agreement.

9. **Independent Legal and Tax Advice.** The Grantee acknowledges that (a) the Company is not providing any legal or tax advice to Grantee, and (b) the Company has advised the Grantee to obtain independent legal and tax advice regarding this Agreement and any payment hereunder.

10. **No Rights in Shares.** The Grantee shall have no rights as a stockholder in respect of any Shares, unless and until the Grantee becomes the record holder of such Shares on the Company’s records.

11. **Conflicts with Plan, Correction of Errors, and Grantee’s Consent.** In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such provisions shall be reconciled, or such discrepancy shall be resolved, by the Board in the exercise of its discretion. In the event that, due to administrative error, this Agreement does not accurately reflect the Performance Stock Units properly granted to the Grantee, the Board reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. All determinations and computations under this Agreement shall be made by the Board (or its authorized delegate or a duly authorize committee of the Board) in its discretion as exercised in good faith.

This Agreement and any award of Performance Stock Units or payment hereunder are intended to comply with or be exempt from Section 409A of the Internal Revenue Code and shall be interpreted accordingly. Accordingly, Grantee consents to such amendment of this Agreement as the Board may reasonably make in furtherance of such intention, and the Company shall promptly provide, or make available, to Grantee a copy of any such amendment.

12. **Miscellaneous.**

(a) No Fractional Shares. All provisions of this Agreement concern whole Shares. If the application of any provision hereunder would yield a fractional Share, such fractional Share shall be rounded down to the next whole Share if it is less than 0.5 and rounded up to the next whole Share if it is 0.5 or more.

(b) Transferability of Performance Stock Units. The Performance Stock Units are transferable only to the extent permitted under the Plan at the time of transfer (i) by will or by the laws of descent and distribution, or (ii) by a domestic relations order in such form as is acceptable to the Company. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, obligations or torts of the Grantee or any permitted transferee thereof.

(c) Not an Employment Agreement. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create any Employment relationship between Grantee and the Company for any time period. The Employment of Grantee with the Company shall be subject to termination to the same extent as if this Agreement did not exist.

(d) Notices. Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal in-hand delivery, by telecopy or similar facsimile means, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at its then current main corporate address, and to Grantee at the address indicated on the Company's records, or at such other address and number as a party has last previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile means (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile means); and when delivered and receipted for (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by courier or delivery service, or sent by certified or registered mail, return receipt requested.

(e) Amendment, Termination and Waiver. This Agreement may be amended, modified, terminated or superseded only by written instrument executed by or on behalf of the Grantee and the Company (by action of the Board, its delegate or a duly authorized committee of the Board). Any waiver of the terms or conditions hereof shall be made only by a written instrument executed and delivered by the party waiving compliance. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than Grantee. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner affect the right to enforce the same. No waiver by any party of any term or condition herein, or the breach thereof, in one or more instances shall be deemed to be, or construed as, a further or continuing waiver of any such condition or breach or a waiver of any other condition or the breach of any other term or condition.

(f) No Guarantee of Tax or Other Consequences. The Company makes no commitment or guarantee that any tax treatment will apply or be available to the Grantee or any other person. The Grantee has been advised, and provided with ample opportunity, to obtain independent legal and tax advice regarding this Agreement.

(g) Governing Law and Severability. This Agreement shall be governed by the laws of the State of Texas without regard to its conflicts of law provisions, except as preempted by controlling federal law. The invalidity of any provision of this Agreement shall not affect any other provision hereof or of the Plan, which shall remain in full force and effect.

(h) Successors and Assigns. This Agreement shall bind, be enforceable by, and inure to the benefit of, the Company and Grantee and any permitted successors and assigns under the Plan.

[Signature page follows.]

IN WITNESS WHEREOF, this Agreement is hereby approved and executed as of the date first written above.

RANGER ENERGY SERVICES, INC.

Name:
Title:

Date of Signature

Name:
Title:

Date of Signature

EXHIBIT A

Performance Criterion and Peer Companies

1. RTSR. RTSR is the Performance Criterion applicable to 50% of the Performance Stock Units and is determined by dividing (1) the sum of (a) the cumulative amount of the dividends of the Company or the Peer Company, as applicable, for the applicable period assuming same-day reinvestment into the corporation's common stock on the ex-dividend date and (b) the share price of such corporation at the end of the applicable period minus the share price at the beginning of the applicable period, by (2) the share price at the beginning of the applicable period. The RTSR for each Peer Company in the Peer Group will be calculated over the applicable period, and then compared with the identical calculation for the Company. The Company's RTSR is a Performance Criterion that is compared to each Peer Company's RTSR for the applicable period.

2. Absolute TSR. Absolute TSR is the Performance Criterion applicable to the balance of the Performance Stock Units, and is determined by subtracting the Base Price of \$6.08 per share from the closing price on the last day of trading during the applicable period. This difference will then be divided by the Base Price of \$6.08 per share and multiplied by 100 to determine the Absolute TSR as a percent of growth in the stock price over the applicable period. The Company's Absolute TSR is a Performance Criterion that will not be compared to similar Peer Company performance over the applicable period.

3. Peer Companies and Peer Group. The following Peer Companies comprise the Peer Group to which the Company's RTSR performance will be compared for the Performance Period:

1.	FTK	Flotek Industries, Inc.
2.	ICD	Independence Contract Drilling, Inc.
3.	TUSK	Mammoth Energy Services, Inc.
4.	WTTR	Select Energy Services, Inc.
5.	DRQ	Dril-Quip, Inc.
6.	NR	Newpark Resources, Inc.
7.	RES	RPC, Inc.
8.	SOI	Solaris Oilfield Infrastructure, Inc.
9.	USWS	U.S. Well Services, Inc.
10.	KLXE	KLX Energy Services Holdings, Inc.

RANGER ENERGY SERVICES, INC.
PERFORMANCE STOCK UNIT AWARD INCENTIVE AGREEMENT

THIS PERFORMANCE STOCK UNIT AWARD INCENTIVE AGREEMENT (this “**Agreement**”) is made and entered into by and between Ranger Energy Services, Inc., a Delaware corporation (the “**Company**”), and _____, an individual and employee of the Company (“**Grantee**”), as of the 8th day of April, 2022 (the “**Grant Date**”), subject to the terms and conditions of the Ranger Energy Services, Inc. 2017 Long Term Incentive Plan, as it may be amended from time to time thereafter (the “**Plan**”). The Plan is hereby incorporated herein in its entirety by this reference. Capitalized terms not otherwise defined in this Agreement shall have the meaning given to such terms in the Plan.

WHEREAS, Grantee is _____ of the Company, and in connection therewith, the Company desires to grant a Performance-Based Stock-Based Award to Grantee, subject to the terms and conditions of this Agreement and the Plan, with a view to increasing Grantee’s interest in the Company’s success and growth; and

WHEREAS, Grantee desires to be the holder of a Performance-Based Stock-Based Award subject to the terms and conditions of this Agreement and the Plan;

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained herein, and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Grant of Performance Stock Units.** Subject to the terms and conditions of this Agreement and the Plan, the Company hereby grants to Grantee _____ Performance Stock Units as described herein (the “**Performance Stock Units**”), which constitute a Performance-Based Stock-Based Award that is referred to as a Performance-Based Award under the Plan. Each Performance Stock Unit shall initially represent the equivalent of one Share as of the Grant Date, with the actual number of Shares to be paid out to be determined under the terms and conditions of this Agreement. With respect to the Performance Stock Units granted under this Agreement, the Committee reserves the right and authority, as exercised in its discretion, to modify, waive or adjust any term or condition of an Award that has been granted, which may include the acceleration of vesting, waiver of forfeiture restrictions, modification of the form of settlement of the Award, early termination of a performance period, or modification of any other condition or limitation regarding an award, at any time before or after the Incentive Award becomes fully vested but prior to actual payment, but at all times subject to Section 6 for Detrimental Conduct. As a holder of Performance Stock Units, the Grantee has the rights of a general unsecured creditor of the Company unless and until the Performance Stock Units are converted to Shares upon vesting and transferred to Grantee, as set forth herein.

2. **Transfer Restrictions.** Grantee shall not sell, assign, transfer, exchange, pledge, encumber, gift, devise, hypothecate or otherwise dispose of (collectively, “**Transfer**”) any Performance Stock Units granted hereunder. Any purported Transfer of Performance Stock Units in breach of this Agreement shall be void and ineffective, and shall not operate to Transfer any interest or title to the purported transferee.

3. **Vesting of Performance Stock Units.**

(a) *Performance Period.* For purposes of this Agreement, the performance period is the three-year period that begins on January 1, 2022 and ends on December 31, 2024 (the “**Performance Period**”). Subject to the terms and conditions of this Agreement, the Performance Stock Units shall vest and become payable to Grantee at the end of the Performance Period, provided that (i) Grantee is still an Employee at that time and has continuously been an Employee since the Grant Date (the “**Service Requirement**”) and (ii) the Board, or a duly authorized committee thereof, has certified in writing that the performance criterion established for the Performance Period as described below (the “**Performance Criterion**”) has been achieved. All Performance Stock Units that do not become vested during or at the end of the Performance Period shall be forfeited. The Board, in its discretion, may adjust the Performance Criterion to recognize special or non-recurring situations or circumstances with respect to the Company or any other company in the Peer Group for any year during the Performance Period arising from the acquisition or disposition of assets, costs associated with exit or disposal activities or material impairments. There are two Performance Criterion

that have been established for the Performance Stock Units awarded under this Agreement, as described in subsections (b) and (c) below.

(b) RTSR. The first Performance Criterion is the Company’s Relative Total Shareholder Return (“**RTSR**”) as defined in Exhibit A to this Agreement (the “**RTSR Criterion**”). The Company’s RTSR is compared to the RTSR of each of the peer group companies, as listed on Exhibit A to this Agreement (each a “**Peer Company**” and as a group, the “**Peer Group**”), as of the end of each calendar year within the Performance Period to determine where the Company ranks when compared to the Peer Group. The RTSR Criterion is one-hundred percent (100%) of the total weighting for fifty percent (50%) of the Performance Stock Units awarded under this Agreement.

(c) Absolute RNGR Stock Price. The second Performance Criterion is the Absolute Total Shareholder Return (the “**Absolute TSR**”) as defined in Exhibit A to this Agreement (the “**Absolute TSR Criterion**”). The Company’s Absolute TSR will be measured from a base stock price of ten dollars and forty-two cents per share (\$10.42/share, the “**Base Price**”), and such Base Price will be compared with the price per share on the last day of trading during the Performance Period to determine the payout. The Absolute TSR Criterion is one-hundred percent (100%) of the total weighting for fifty percent (50%) of the Performance Stock Units awarded under this Agreement.

(d) Changes in Peer Group. When calculating RTSR for the Performance Period for the Company and the Peer Group, (i) the performance of a company in the Peer Group will not be used in calculating the RTSR of that member of the Peer Group if the company is not publicly traded (*i.e.*, has no ticker symbol) at the end of the Performance Period; (ii) the performance of any company in the Peer Group that becomes bankrupt during the Performance Period will be included in the calculation of Peer Group performance even if it has no ticker symbol at the end of the measurement period; and (iii) the performance of the surviving entities will be used in the event there is a combination of any of the Peer Group companies during the measurement period. The Board may disregard any of these guidelines when evaluating changes in the membership of the Peer Group during the Performance Period in any particular situation, as it deems reasonable in the exercise of its discretion.

(e) Ranking of Company as Compared to the Peer Group for Purposes of the RTSR Criterion. The Board will rank the Company’s performance against the RTSR Criterion within the Peer Group (set forth on Exhibit A) as of December 31, 2024, and apply the award multiplier from the following table:

Relative TSR Performance			
Relative TSR Performance Rank	Percentile Ranking	Award Payout	Payout vs. Target
1	100%	Maximum	200%
2	90%		180%
3	80%		160%
4	70%	Stretch	140%
5	60%		120%
6	50%	Target	100%
7	40%		75%
8	30%	Threshold	50%
9	20%		0%
10	10%		0%
11	0%		0%

Should the stock price fall to \$8.86 per share or less (a price that is 15% below the stock price of \$10.42, which is the price authorized by the Board), then the maximum payout available is the Target Level of 100%, regardless of relative rank.

(f) Determination of Payout for Purposes of the Absolute TSR Criterion. The Board will rank the Company’s performance against the Absolute TSR Criterion as of December 31, 2024, and apply the award multiplier from the following table:

Absolute TSR		
Stock Price Growth	Award Payout	Payout vs. Target
75%	Maximum	200%
69%		175%
63%		150%
56%		125%
50%	Target	100%
37%		75%
23%		50%
10%	Threshold	25%

4. **Termination of Employment.** If Grantee's Employment is voluntarily or involuntarily terminated during the Performance Period, then Grantee shall immediately forfeit the outstanding Performance Stock Units, except as provided below in this [Section 4](#). Upon the forfeiture of any Performance Stock Units hereunder, the Grantee shall cease to have any rights in connection with such Performance Stock Units as of the date of forfeiture.

(a) *Termination of Employment.* Except as provided in [Section 4\(c\)](#), if the Grantee's Employment is terminated for any reason, other than due to death or Disability during the Performance Period, any non-vested Performance Stock Units at the time of such termination shall automatically expire and terminate and no further vesting shall occur after the termination of Employment date. In such event, the Grantee will receive no payment for unvested Performance Stock Units.

(b) *Disability or Death.* Upon termination of Grantee's Employment as the result of Grantee's Disability (as defined below) or death during the Performance Period, then all of the outstanding Performance Stock Units shall become 100% vested on such date at the 1.0 multiplier award level. For purposes of this Agreement, "**Disability**" means (i) a disability that entitles the Grantee to benefits under the Company's long-term disability plan, as may be in effect from time to time, as determined by the plan administrator of the long-term disability plan or (ii) a disability whereby the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(c) *Change in Control.* If there is a Change in Control of the Company (as defined in the Plan) during the Performance Period, then in the event of the Grantee's Involuntary Termination Without Cause (as defined below) within two (2) years following the effective date of the Change in Control and during the same Performance Period, all the outstanding Performance Stock Units shall automatically become 100% vested on the Grantee's termination of Employment date at the 1.0 multiplier award level.

(d) For purposes of this Agreement, "**Involuntary Termination Without Cause**" means the Employment of Grantee is involuntarily terminated by the Company (or by any successor to the Company) for any reason, including, without limitation, as the result of a Change in Control, except due to death, Disability or Cause; provided, that in the event of a dispute regarding whether Employment was terminated voluntarily or involuntarily, or with or without Cause, such dispute will be resolved by the Board, in good faith, in the exercise of its discretion.

5. **Payment for Performance Stock Units.** Payment for the vested Performance Stock Units subject to this Agreement shall be made to the Grantee as soon as practicable following the time such Performance Stock Units become vested in accordance with [Section 3](#) or [Section 4](#) prior to their expiration, but not earlier than thirty (30) days, and not later than ninety (90) days following the date of such vesting event. The number of Performance Stock Units that vest and are payable hereunder shall be determined by the Board, in its discretion, in accordance with the Payout Schedule in [Section 3](#).

The number of Shares payable to the Grantee pursuant to this Agreement shall be an amount equal to the number of vested Performance Stock Units multiplied by the award multiplier for the level of achievement of the Performance Criterion determined in [Section 3\(d\)](#). The maximum payout for each Performance Stock Unit is two (2.0) Shares because the maximum award multiplier on the Payout Schedule is 2.0.

Any amount paid in respect of the vested Performance Stock Units shall be payable in Class A Common Stock Shares. Prior to any payments under this Agreement, the Board shall certify in writing, by resolution or otherwise, the amount to be paid in respect of the Performance Stock Units as a result of the achievement of the Performance Criterion.

Any Shares delivered to or on behalf of Grantee in respect of vested Performance Stock Units shall be subject to any further transfer or other restrictions as may be required by securities law or other applicable law, as determined by the Company.

6. **Detrimental Conduct.** In the event that the Board should determine, in its sole and absolute discretion, that, during Employment or within two (2) years following Employment termination for any reason, the Grantee engaged in Detrimental Conduct (as defined below), the Board may, in its sole and absolute discretion, if Shares have previously been transferred to the Grantee pursuant to Section 5 upon vesting of his Performance Stock Units, direct the Company to send a notice of recapture (a “**Recapture Notice**”) to such Grantee. Within ten (10) days after receiving a Recapture Notice from the Company, the Grantee will deliver to the Company either (i) the actual number of Shares that were transferred to the Grantee upon vesting of Performance Stock Units or (ii) a cash equivalent payment in an amount equal to the Fair Market Value of such Shares at the time when transferred to the Grantee, unless the Recapture Notice demands repayment of a lesser sum. All repayments hereunder shall be net of the taxes that were withheld by the Company when the Shares were originally transferred to Grantee following vesting of the Performance Stock Units pursuant to Section 5. For purposes of this Agreement, a Grantee has committed “**Detrimental Conduct**” if the Grantee (a) violated a confidentiality, non-solicitation, non-competition or similar restrictive covenant between the Company or one of its Affiliates and such Grantee, including violation of a Company policy relating to such matters, or (b) engaged in willful fraud that causes harm to the Company or one of its Affiliates or that is intended to manipulate the performance results of any Incentive Award, including, without limitation, any material breach of fiduciary duty, embezzlement or similar conduct that results in a restatement of the Company’s financial statements.

7. **Grantee’s Representations.** Notwithstanding any provision hereof to the contrary, the Grantee hereby agrees and represents that Grantee will not acquire any Shares, and that the Company will not be obligated to issue any Shares to the Grantee hereunder, if the issuance of such Shares constitutes a violation by the Grantee or the Company of any law or regulation of any governmental authority. Any determination in this regard that is made by the Board, in good faith, shall be final and binding. The rights and obligations of the Company and the Grantee are subject to all applicable laws and regulations.

8. **Tax Withholding.** To the extent that the receipt of the payment of Shares hereunder results in compensation income to Grantee for federal, state or local income tax purposes, Grantee shall deliver to Company at such time the sum that the Company requires to meet its tax withholding obligations under applicable law or regulation, and, if Grantee fails to do so, Company is authorized to (a) withhold from any cash or other remuneration (including any Shares), then or thereafter payable to Grantee, any tax required to be withheld; or (b) sell such number of Shares as is appropriate to satisfy such tax withholding requirements before transferring the resulting net number of Shares to Grantee in satisfaction of its obligations under this Agreement.

9. **Independent Legal and Tax Advice.** The Grantee acknowledges that (a) the Company is not providing any legal or tax advice to Grantee, and (b) the Company has advised the Grantee to obtain independent legal and tax advice regarding this Agreement and any payment hereunder.

10. **No Rights in Shares.** The Grantee shall have no rights as a stockholder in respect of any Shares, unless and until the Grantee becomes the record holder of such Shares on the Company’s records.

11. **Conflicts with Plan, Correction of Errors, and Grantee’s Consent.** In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such provisions shall be reconciled, or such discrepancy shall be resolved, by the Board in the exercise of its discretion. In the event that, due to administrative error, this Agreement does not accurately reflect the Performance Stock Units properly granted to the Grantee, the Board reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. All determinations and computations under this Agreement shall be made by the Board (or its authorized delegate or a duly authorize committee of the Board) in its discretion as exercised in good faith.

This Agreement and any award of Performance Stock Units or payment hereunder are intended to comply with or be exempt from Section 409A of the Internal Revenue Code and shall be interpreted accordingly. Accordingly, Grantee consents to such amendment of this Agreement as the Board may reasonably make in furtherance of such intention, and the Company shall promptly provide, or make available, to Grantee a copy of any such amendment.

12. **Miscellaneous.**

(a) No Fractional Shares. All provisions of this Agreement concern whole Shares. If the application of any provision hereunder would yield a fractional Share, such fractional Share shall be rounded down to the next whole Share if it is less than 0.5 and rounded up to the next whole Share if it is 0.5 or more.

(b) Transferability of Performance Stock Units. The Performance Stock Units are transferable only to the extent permitted under the Plan at the time of transfer (i) by will or by the laws of descent and distribution, or (ii) by a domestic relations order in such form as is acceptable to the Company. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, obligations or torts of the Grantee or any permitted transferee thereof.

(c) Not an Employment Agreement. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create any Employment relationship between Grantee and the Company for any time period. The Employment of Grantee with the Company shall be subject to termination to the same extent as if this Agreement did not exist.

(d) Notices. Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal in-hand delivery, by telecopy or similar facsimile means, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at its then current main corporate address, and to Grantee at the address indicated on the Company's records, or at such other address and number as a party has last previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile means (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile means); and when delivered and receipted for (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by courier or delivery service, or sent by certified or registered mail, return receipt requested.

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(f) No Guarantee of Tax or Other Consequences. The Company makes no commitment or guarantee that any tax treatment will apply or be available to the Grantee or any other person. The Grantee has been advised, and provided with ample opportunity, to obtain independent legal and tax advice regarding this Agreement.

(g) Governing Law and Severability. This Agreement shall be governed by the laws of the State of Texas without regard to its conflicts of law provisions, except as preempted by controlling federal law. The invalidity of any provision of this Agreement shall not affect any other provision hereof or of the Plan, which shall remain in full force and effect.

(h) Successors and Assigns. This Agreement shall bind, be enforceable by, and inure to the benefit of, the Company and Grantee and any permitted successors and assigns under the Plan.

[Signature page follows.]

IN WITNESS WHEREOF, this Agreement is hereby approved and executed as of the date first written above.

RANGER ENERGY SERVICES, INC.

Name:
Title:

Date of Signature

Name:
Title:

Date of Signature

EXHIBIT A

Performance Criterion and Peer Companies

1. RTSR. RTSR is the Performance Criterion applicable to 50% of the Performance Stock Units and is determined by dividing (1) the sum of (a) the cumulative amount of the dividends of the Company or the Peer Company, as applicable, for the applicable period assuming same-day reinvestment into the corporation's common stock on the ex-dividend date and (b) the share price of such corporation at the end of the applicable period minus the share price at the beginning of the applicable period, by (2) the share price at the beginning of the applicable period. The RTSR for each Peer Company in the Peer Group will be calculated over the applicable period, and then compared with the identical calculation for the Company. The Company's RTSR is a Performance Criterion that is compared to each Peer Company's RTSR for the applicable period.

2. Absolute TSR. Absolute TSR is the Performance Criterion applicable to the balance of the Performance Stock Units, and is determined by subtracting the Base Price of \$10.42 per share from the closing price on the last day of trading during the applicable period. This difference will then be divided by the Base Price of \$10.42 per share and multiplied by 100 to determine the Absolute TSR as a percent of growth in the stock price over the applicable period. The Company's Absolute TSR is a Performance Criterion that will not be compared to similar Peer Company performance over the applicable period.

3. Peer Companies and Peer Group. The following Peer Companies comprise the Peer Group to which the Company's RTSR performance will be compared for the Performance Period:

1.	DRQ	Dril-Quip, Inc.
2.	EXTN	Exterran Corporation
3.	KLXE	KLX Energy Services Holdings, Inc.
4.	TUSK	Mammoth Energy Services, Inc.
5.	NCSM	NCS Multistage Holdings, Inc.
6.	NR	Newpark Resources, Inc.
7.	RES	RPC, Inc.
8.	WTTR	Select Energy Services, Inc.
9.	SOI	Solaris Oilfield Infrastructure, Inc.
10.	USWS	U.S. Well Services, Inc.

RANGER ENERGY SERVICES, INC.
Subsidiaries

Company	Jurisdiction of Organization
Academy Oilfield Rentals, LLC	Delaware
Bravo Wireline, LLC	Delaware
Patriot Completion Solutions LLC	Delaware
Ranger Energy Equipment, LLC	Delaware
Ranger Energy Leasing, LLC	Delaware
Ranger Energy Properties, LLC	Delaware
Ranger Energy Services, LLC	Delaware
Ranger Energy Acquisition, LLC	Delaware
Torrent Energy Services, LLC	Delaware
RNGR Energy Services, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ranger Energy Services, Inc.
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-220018, 333-231818 and 333-265359) and Form S-1 (No. 333-264037) of Ranger Energy Services, Inc. of our reports dated March 13, 2023, relating to the consolidated financial statements and the effectiveness of Ranger Energy Services, Inc.'s internal control over financial reporting, which appears in this Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022.

/s/ BDO USA, LLP

Houston, Texas
March 13, 2023

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stuart N. Bodden, certify that:

1. I have reviewed this annual report on Form 10-K of Ranger Energy Services, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 15(d)-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2023

/s/ Stuart N. Bodden

Stuart N. Bodden
President, Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Melissa Cogle, certify that:

1. I have reviewed this annual report on Form 10-K of Ranger Energy Services, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 15(d)-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2023

/s/ Melissa Cogle

Melissa Cogle

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the Annual Report on Form 10-K of Ranger Energy Services, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stuart N. Bodden, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2023

/s/ Stuart N. Bodden

Stuart N. Bodden

President, Chief Executive Officer and Director

(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the Annual Report on Form 10-K of Ranger Energy Services, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Melissa Cogle, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2023

/s/ Melissa Cogle

Melissa Cogle

Chief Financial Officer

(Principal Financial Officer)