FRANK'S INTERNATIONAL N.V.

Annual Report for the year ended December 31, 2020

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The Netherlands

Notice to Shareholders: This annual report is prepared in accordance with Dutch law. It does not contain all of the information that is required in our Annual Report on Form 10-K that is prepared in accordance with U.S. SEC regulations. Investors should consult our Annual Report on Form 10-K for additional information.

FRANK’S INTERNATIONAL N.V.

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

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Management Board Report

The management of Frank’s International N.V. (“FINV”) herewith submits its annual report for the year 2020. It is noted that the relevant sections on the activities and functioning of the supervisory board have been prepared in cooperation with the supervisory board members and is also deemed to constitute a supervisory board report as meant in the Dutch Corporate Governance Code.

Introduction

FINV is a Netherlands limited liability company publicly traded in the United States on the New York Stock Exchange and includes the activities of Frank’s International C.V. (“FICV”), Blackhawk Group Holdings, LLC (“Blackhawk”) and their wholly owned subsidiaries (either individually or together, as the context requires, the “Company,” “we,” “us” and “our”). We were established in 1938 and are an industry-leading global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry. We provide our services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells. We believe that we are one of the largest global providers of tubular services to the oil and gas industry.

On March 10, 2021, FINV and New Eagle Holdings Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of FINV (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Expro Group Holdings International Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (“Expro”), pursuant to which Expro will merge with and into Merger Sub in an all-stock transaction, with Merger Sub surviving the merger as a direct, wholly owned subsidiary of FINV (the “Merger”). Please refer to the subsequent events section of the board report for additional discussion.

The reporting currency of the consolidated financial statements for FINV is the United States dollar (“USD”).

Performance in 2020

Oil and gas prices are extremely volatile and have fluctuated during the year ended December 31, 2020, with daily prices for New York Mercantile Exchange West Texas Intermediate ranging from a high of approximately $63/Bbl in January 2020 to a low of approximately $37/Bbl in April 2020 and Brent oil prices following a similar trend. This decline was primarily driven by the effects of the Coronavirus Disease 2019 (“COVID-19”) virus. Any actual or anticipated reduction in oil or gas prices may reduce the level of exploration, drilling and production activities. The current price environment has already resulted in capital budget reductions by our customers compared to prior years. Prolonged lower oil prices have resulted in softer demand for our products and services. Further, FINV has reduced pricing in some of its customer contracts in light of the volatility of the oil and gas market.

We reported results from ordinary activities after taxation for 2020 of $(144.7) million compared to $(166.1) million in 2019. Net turnover was $392.5 million, a decrease of $188.6 million as compared to 2019, due to lower activity levels in all of our segments, primarily due to the impact of COVID-19. The decrease in net turnover was partially offset by lower operating costs primarily related to declines in cost of raw materials and consumables ($38.2 million), cost of outsourced work and other external costs ($36.7 million) and personnel expenses ($49.1 million) attributable to lower activity and cost cutting initiatives, as well as by lower depreciation and amortization expense ($23.1 million). Beginning in 2019, the Company initiated a series of business reviews that allowed it to further streamline its business processes and the organizational structure leading to further margin improvement. Operating, and general and administrative costs were reviewed, as well as our geographic footprint. During 2020, $55 million of indirect and general and administrative support cost savings were achieved. Longer-term efficiency and cost containment projects such as supply chain improvements and an ERP implementation will provide further gains in 2021 and beyond. As a consequence, personnel expenses were also impacted by higher severance payments in the current year as compared to 2019. Tax on results changed from an expense of $(23.8) million to a benefit of $4.1 million, as 2019 results were impacted by higher withholding taxes in Africa and South America on increased activity levels. 2020 results were beneficial impacted from provisions in the U.S. Coronavirus Aid, Relief, and Economic Security Act, which resulted in a tax refund of approximately $17.5 million.

Intangible and tangible fixed assets decreased year over year due to continued depreciation and amortization, as well as impairments of certain assets, primarily construction in progress, due to a Company-wide assessment of our operations and asset base. Shareholders' equity decreased due to results from ordinary activities.

Missions and Objectives

We are an industry leading global provider of highly engineered tubular running services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry and have been in business for over 80 years. We provide our services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells.

Tubular services involve the handling and installation of multiple joints of pipe to establish a cased wellbore and the installation of smaller diameter pipe inside a cased wellbore to provide a conduit for produced oil and gas to reach the surface. The casing of a wellbore isolates the wellbore from the surrounding geologic formations and water table, provides well structure and pressure integrity, and allows well operators to target specific zones for production. Given the central role that our services play in the structural integrity, reliability and safety of a well, and the importance of efficient tubular services to managing the overall cost of a well, we believe that our role is vital to the process of producing oil and gas.

In addition to our tubular services offerings, we design and manufacture certain products that we sell directly to external customers, including large outside diameter ("OD") pipe connectors. We also provide specialized fabrication and welding services in support of deepwater projects in the U.S. Gulf of Mexico, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubulars (up to 400 feet in length) for use as caissons or pilings. We distribute large OD pipe manufactured by third parties, and generally maintain an inventory of this pipe in order to support our pipe sales and distribution operations.

We also provide specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology.

We conduct our business through three operating segments:

- *Tubular Running Services.* The TRS segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 40 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, as well as in the U.S. Gulf of Mexico. Our customers in these markets are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

- *Tubulars.* The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter ("OD") heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

- *Cementing Equipment.* The CE segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. Abandonment solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

Our objective is to maximize shareholder value by continuing to supply proprietary equipment and high-quality services and products to our customers. We intend to accomplish that objective by capitalizing on the key long-term industry growth trends through the execution of the following strategies:

- *Continue to focus on customer service.* We have a long track record of responding to our customers' unique requirements. We believe that focusing on our customers' needs, providing industry-leading technological innovations and operating safely will enable us to expand our customer base and increase our revenues.

- *Sustain our track record of technical innovation.* Our team of in-house engineers work to develop new products and technologies and provide operational support to customers. We have various U.S. and international patents for equipment that our engineers have developed. Research and development costs were $1.3 million for the year ended December 31, 2020. We have developed strong working relationships with oil and gas producers throughout the world, many of whom have approached us with requests for solutions to specific well construction and completion challenges. To address these needs, we continue to invest in new product engineering capabilities. In addition to our own efforts to continuously enhance our equipment and procedures, we expect to develop innovative products to address our customers' needs.

- *Pursue disciplined growth organically and through acquisitions.* We intend to strategically pursue acquisitions that enhance our geographic footprint or diversify our product and service offerings, with a focus on businesses that would benefit from our global presence and international sales capabilities. We intend to continue to grow organically by leveraging our customer base to expand in underrepresented markets, investing in additional equipment and facilities and optimizing our sales and operating efficiency in order to grow our cash flows and satisfy incremental customer demand.

- *Maintain and expand our worldwide presence*. We are committed to provide services to our customers in strategic markets on a global basis. We intend to build upon our existing presence in Africa, the Asia Pacific region, the Middle East, North America, Europe and Latin America through deployment of sales, equipment and other service resources. We believe this organic expansion will provide more points of contact with our customers, allow us to better respond to their needs and grow revenues over the long-term.

The Company's values include safety, integrity, innovation, diversity and excellence. With integrity as a fundamental value, the Company pledges to be forthright in all of its business interactions and conduct its business with the highest ethical standard. The Supervisory Board and Management Board are committed to continuously enhancing the Company's internal controls to support compliance and transparency throughout our global operations. The Company's Code of Business Conduct and Ethics covers core behaviors, principles of conduct and employee duties. The Audit Committee reviews with the Supervisory Board the Company's Code of Business Conduct and Ethics and its enforcement at least annually. As part of the Company's annual compliance program requirements, all of the Company's employees must certify compliance with the Code of Business Conduct and Ethics as well as complete annual online training courses and in some cases, complete in-person compliance training sessions that are conducted in various global locations.

Environmental Compliance

Our global operations are subject to numerous stringent and complex laws and regulations governing the emission and discharge of materials into the environment, occupational health and safety aspects of our operations, or otherwise relating to environmental protection. Failure to comply with these laws or regulations or to obtain or comply with permits may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements, and the imposition of orders or injunctions to prohibit or restrict certain activities or force future compliance.

Numerous governmental authorities, such as the U.S. Environmental Protection Agency ("EPA"), analogous state agencies and, in certain circumstances, individual citizens or organizations, have the power to enforce compliance with these laws and regulations and the permits issued under them. Certain environmental laws may impose joint and several strict liability, without regard to fault or the legality of the original conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. The trend in environmental regulation is to typically place more stringent restrictions and limitations on activities that may impact the environment, and thus, any changes in environmental laws and regulations or in enforcement policies that result in more stringent and costly waste handling, storage, transport, disposal, or remediation requirements could have a material adverse effect on our operations and financial position. Moreover, accidental releases or spills of regulated substances may occur in the course of our operations, and we cannot assure 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.

The following is a summary of the more significant existing environmental, health and safety laws and regulations, primarily in our largest market, the U.S., to which our business operations are subject and for which compliance could have a material adverse impact on our capital expenditures, results of operations or financial position.

Hazardous Substances and Waste

The U.S. Resource Conservation and Recovery Act ("RCRA") and comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the auspices of the EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. We are required to manage the transportation, storage and disposal of hazardous and non-hazardous wastes in compliance with RCRA. Certain petroleum exploration and production wastes are excluded from RCRA's hazardous waste regulations. However, it is possible that these wastes will in the future be designated as hazardous wastes and therefore be subject to more rigorous and costly disposal requirements. Any such changes in the laws and regulations could have a material adverse effect on our operating expenses or the operating expenses of our customers, which could result in decreased demand for our services.

The U.S. Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the owner or operator of the site where the release occurred, and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. We currently own, lease, or operate numerous properties that have been used for manufacturing and other operations for many years. We also contract with waste removal services and landfills. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment.

Water Discharges

The U.S. Federal Water Pollution Control Act (the "Clean Water Act") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. A responsible party includes the owner or operator of a facility from which a discharge occurs. In 2015, the EPA and the U.S. Army Corps of Engineers ("Corps") under the Obama Administration finalized a rule that would significantly expand the scope of the Clean Water Act's jurisdiction, potentially expanding the areas that would require permits prior to commencing construction or exploration and production activities. However, the EPA and the Corps under the Trump Administration issued a final rule, made effective in December 2019, that repealed the 2015 rule and they also published a final rule in April 2020 re-defining the term "waters of the United States" as applied under the Clean Water Act and narrowing the scope of waters subject to federal regulation. The April 2020 final rule is subject to various pending legal challenges; moreover, there is an expectation that the Biden Administration may reconsider this April 2020 final rule. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act of 1990, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges. Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water from our operations and may be required to develop and implement spill prevention, control and countermeasure plans, also referred to as "SPCC plans," in connection with on-site storage of significant quantities of oil, including refined petroleum products.

Air Emissions

The U.S. federal Clean Air Act ("CAA") and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other emission control requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. Non-compliance with air permits or other requirements of the federal Clean Air Act and associated state laws and regulations can result in the imposition of administrative, civil and criminal penalties, as well as the issuance of orders or injunctions limiting or prohibiting non-compliant operations. Over the next several years, we may be required to incur certain capital expenditures for air pollution control equipment or other air emissions related issues. For example, in 2015, the EPA under the Obama Administration issued a final rule under the CAA, making the National Ambient Air Quality Standard ("NAAQS") for ground-level ozone more stringent. Since that time, the EPA has issued attainment/nonattainment designations and, more recently in August 2020, the EPA under the Trump Administration published notice of a proposed action that, upon conducting a periodic review of the ozone standard in accord with CAA requirements, elected to retain the 2015 ozone NAAQS without revision on a going-forward basis. State implementation of the revised NAAQS could result in stricter air emissions permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. We do not believe that any of our operations are subject to the federal Clean Air Act permitting or regulatory requirements for major sources of air emissions, but some of our facilities could be subject to state "minor source" air permitting requirements and other state regulatory requirements applicable to air emissions, such as source registration and recordkeeping requirements.

Climate Change

Climate change continues to attract considerable attention in the United States and other 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 ("GHGs") as well as to restrict or eliminate such future emissions. As a result, our operations are subject to a series of regulatory, political, litigation, and financial risks associated with the transport of fossil fuels and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level, but President Biden announced plans to take action with regards to climate change, has signed two executive orders to this effect on January 20, 2021, and is expected to pursue other climate change legislation, executive actions or other regulatory initiatives in the future to limit GHG emissions. Moreover, with 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 sources in the United States, implement New Source Performance Standards ("NSPS") directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the U.S. Department of Transportation ("DOT"), implement GHG emissions limits on vehicles manufactured for operation in the United States. In recent years, there has been considerable uncertainty surrounding regulation of methane emissions, as the EPA under the Obama Administration published final regulations under the CAA establishing standards for methane in 2016, but since that time the EPA under the Trump Administration has undertaken several measures to delay implementation of those standards, including one final rule published in September 2020 that rescinds the methane specific requirements applicable to sources in the production and processing segments of the oil and gas industry. Various states and industry and environmental groups are separately challenging EPA's 2016 standards and its September 2020 final rule and, on his first day in office, President Biden issued an executive order that, among other things, called for issuance of proposed rules by no later than September 2021 that would restore Obama-era rules for methane standards applicable to new, modified, and reconstructed sources by suspending, revising or rescinding the EPA's September 2020 final rule and establish new methane and volatile organic compound standards applicable to existing oil and gas operations, including the production, transmission, processing and storage segments.

Separately, 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, there is a non-binding agreement, the United Nations-sponsored "Paris Agreement," for nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020. While the United States withdrew from the Paris Agreement under the Trump Administration, effective November 4, 2020, President Biden issued an executive order on January 20, 2021 recommitting the United States to the Paris Agreement. With the United States recommitting to the Paris Agreement, executive orders may be issued or federal legislation or regulatory initiatives may be adopted to achieve the agreement's goals.

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. In addition to re-committing to the Paris Agreement, other political actions indicated by President Biden during his campaign that could adversely affect the oil and gas industry include limiting hydraulic fracturing by banning new oil and gas permitting on federal lands and waters, limiting new leasing of federal lands or offshore waters for oil and gas exploration and production activities, potentially eliminating certain tax rules (referred to as subsidies) that benefit the oil and gas industry, and imposing restrictions on pipeline infrastructure or the permitting of liquefied natural gas ("LNG") export facilities. On January 20, 2021, the Acting Secretary of the U.S. Department of the Interior issued an order, effective immediately, that suspends new oil and gas leases and drilling permits on non-Indian federal lands and waters for a period of 60 days. Subsequently, on January 27, 2021, President Biden issued an executive order focused on combating climate change that, among other things, ordered: (i) the Secretary of the Interior to pause, to the extent consistent with applicable law, the issuance of new oil and gas leases on federal public lands and offshore waters (but excluding lands that the United States holds in trust for Indian tribes) 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; and (ii) applicable agencies to identify fossil fuel subsidies provided by their respective agencies and subsequently take measures to ensure, to the extent consistent with applicable law, that federal funding is not directly subsidizing fossil fuels, with a further objective of eliminating fossil fuel subsidies from federal budget requests beginning in federal Fiscal Year 2022. In response, one industry group is already challenging the order, filing a lawsuit on January 27, 2021 in Wyoming federal district court and seeking to have the moratorium declared invalid.

There are also increasing risks of litigation related to climate change effects. Governments and third-parties have brought suit against some fossil fuel companies alleging, among other things, that such companies created public nuisances by marketing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts. Similar or more demanding cases are occurring in other jurisdictions where we operate. For example, in December 2019, the High Council of the Netherlands ruled that the government of the Netherlands has a legal obligation to decrease the country's GHG emissions, and other suits have been filed seeking to extend this obligation to private companies. Such litigation has the potential to adversely affect the production of fossil fuels, which in turn could result in reduced demand for our services.

Financial risks also exist for fossil fuel producers as shareholders who are currently invested in fossil-fuel energy companies but are concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about climate change not to provide funding for fossil fuel energy companies. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of production of crude oil and natural gas, which could in turn decrease demand for our services. Our own operations could also face limitations on access to capital as a result of these trends, which could adversely affect our business and results of operation.

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 canceling 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. Moreover, the increased competitiveness of alternative energy sources (such as wind, solar geothermal, tidal and biofuels) could reduce demand for hydrocarbons, and therefore for our products and services, which would lead to a reduction in our revenues. Over time, one or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

Hydraulic Fracturing

Hydraulic fracturing is an important and common practice in the oil and gas industry. The process involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production of hydrocarbons. While we may provide supporting products through our Cementing Equipment segment, we do not perform hydraulic fracturing, but many of our onshore customers utilize this technique. Certain environmental advocacy groups and regulatory agencies have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and drinking water resources and may cause earthquakes. Various governmental entities (within and outside the United States) are in the process of studying, restricting, regulating or preparing to regulate hydraulic fracturing, directly or indirectly. For example, in the United States, the EPA already regulates certain hydraulic fracturing operations involving diesel under the Underground Injection Control program of the federal Safe Drinking Water Act. Also, in 2016, the federal Bureau of Land Management ("BLM") under the Obama Administration published a final rule imposing more stringent standards on hydraulic fracturing activities on federal lands, including requirements for chemical disclosure, well bore integrity, and handling of flowback water. However, in late 2018, the BLM under the Trump Administration published a final rule rescinding the 2016 final rule. Litigation challenging the BLM's 2016 final rule as well as its 2018 final rule rescinding the 2016 rule has been pursued by various states and industry and environmental groups. While a California federal court vacated the 2018 final rule in July 2020, a Wyoming federal court subsequently vacated the 2016 final rule in October 2020 and, accordingly, the 2016 final rule is no longer in effect but the Wyoming decision is expected to be appealed. Moreover, the BLM under a Biden Administration could seek to pursue regulatory initiatives that regulate hydraulic fracturing activities on federal lands. Additionally, in late 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water sources under some circumstances. States and local governments may also seek to limit hydraulic fracturing activities through time, place, and manner restrictions on operations or ban the process altogether. The adoption of legislation or regulatory programs that restrict hydraulic fracturing could adversely affect, reduce or delay well drilling and completion activities, increase the cost of drilling and production, and thereby reduce demand for our services. There also exists the potential for the Biden Administration to pursue new or amended laws, regulations, executive actions and other regulatory initiatives that could impose more stringent restrictions on hydraulic fracturing, including potential restrictions on hydraulic fracturing by banning new oil and gas permitting on federal lands.

Offshore Regulatory and Marine Safety

Spurred on by environmental and safety concerns, governing bodies from time to time have pursued moratoria and legislation or regulatory initiatives that would materially limit or prohibit offshore drilling in certain areas, including areas where we or our oil and gas exploration and production customers conduct operations such as on the federal Outer Continental Shelf waters in the United States Gulf of Mexico. In the United States, President Biden has indicated his intent to ban new oil and natural gas permitting on federal lands and waters, including the OCS, and he may pursue regulatory initiatives, executive actions and legislation in support of his regulatory agenda. Additionally, regulatory agencies under the Biden Administration may issue new or amended rulemakings regarding deep water leasing, permitting or drilling that could result in more stringent or costly restrictions than those imposed under the Trump Administration as well as delays or cancellations to our customers with respect to their offshore operations. On January 20, 2021, the Acting Secretary of the U.S. Department of the Interior issued an order, effective immediately, that suspends new oil and gas leases and drilling permits on non-Indian federal lands and waters for a period of 60 days. Subsequently, on January 27, 2021, President Biden issued an executive order that, among other things, ordered the Secretary of the Interior to pause, to the extent consistent with applicable law, the issuance of new oil and gas leases on federal public lands and offshore waters (but excluding lands that the United States holds in trust for Indian tribes) 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. President Biden's January 27, 2021 executive order establishing a moratorium on the issuance of new leases on these federal lands and waters is already subject to legal challenge by an industry group.

The Bureau of Ocean Energy Management ("BOEM") and the Bureau of Safety and Environmental Enforcement ("BSEE") have over the past decade, primarily under the Obama Administration, imposed more stringent permitting procedures and regulatory safety and performance requirements with respect to new wells to be drilled in federal waters. However, in recent years under the Trump Administration, there have been actions by BSEE or BOEM seeking to mitigate or delay certain of those more rigorous requirements, including those relating to increased supplemental bonding and greater scrutiny or more rigorous assessment of blowout preventers, well design, well control and subsea containment requirements. BSEE and BOEM under the Biden Administration may reconsider rules or other regulatory initiatives implemented under the Trump Administration and pursue legislation, executive actions, rules or other regulatory initiatives that impose more stringent standards. Additionally, the Biden Administration may seek to pursue executive actions and legislation that could, among other things, significantly increase financial assurances of operators for decommissioning of offshore facilities on the OCS. The issuance of more stringent environmental and safety guidelines, regulations or moratoria for drilling in the U.S. Gulf of Mexico could disrupt, delay or cancel drilling operations, increase the cost of drilling operations or reduce the area of operations for drilling. The issuance of such requirements could dampen demand for our equipment and services and have an adverse effect on our business.

Employee Health and Safety

We are subject to a number of federal and state laws and regulations, including the U.S. Occupational Safety and Health Act ("OSHA") and comparable state statutes, establishing requirements to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and the public. Substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with laws and regulations relating to worker health and safety.

We also operate in non-U.S. jurisdictions, which may impose similar legal requirements. We do not believe that compliance with existing environmental laws and regulations will have a material adverse impact on us. However, we also believe that it is reasonably likely that the trend in environmental legislation and regulation will continue toward stricter standards and, thus, we cannot give any assurance that we will not be adversely affected in the future.

Liquidity, Capital Resources and Financing

At December 31, 2020, we had cash and cash equivalents of $211.2 million and no debt, compared to cash and cash equivalents of $195.4 million and no debt at December 31, 2019. Our primary sources of liquidity to date have been cash flows from operations. Our primary uses of capital have been for organic growth capital expenditures and acquisitions. We continually monitor potential capital sources, including equity and debt financing, in order to meet our investment and target liquidity requirements. The solvency ratio, which is defined as group equity divided by total assets, amounts to 80% and 81% for the periods ended December 31, 2020 and 2019, respectively.

Our total capital expenditures are estimated to be approximately $25 million for 2021. We expect to spend approximately 90% for the purchase and manufacture of equipment and 10% for other property, plant and equipment, inclusive of the purchase or construction of facilities. The actual amount of capital expenditures for the manufacture of equipment may fluctuate based on market conditions. During the years ended December 31, 2020 and 2019, purchases of property, plant and equipment and intangibles were $28.5 million and $37.2 million, respectively, all of which were funded from internally generated sources. We believe our cash on hand and cash flows from operations will be sufficient to fund our capital expenditure and liquidity requirements for the next twelve months.

The timing, declaration, amount of, and payment of any dividends is within the discretion of our Board of Managing Directors subject to the approval of our Board of Supervisory Directors and will depend upon many factors, including our financial condition, earnings, capital requirements, covenants associated with our asset based revolving credit facility, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by our Board of Managing Directors and our Board of Supervisory Directors. We do not have a legal obligation to pay any dividend and there can be no assurance that we will be able to do so. On October 27, 2017, the Board of Managing Directors of the Company, with the approval from the Board of Supervisory Directors of the Company, approved a plan to suspend the Company’s quarterly dividend in order to preserve capital for various purposes, including to invest in growth opportunities.

Credit Facility

Asset Based Revolving Credit Facility

On November 5, 2018, FICV, Frank’s International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a five-year senior secured revolving credit facility (the “ABL Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Agent”), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, we have the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV’s subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV’s option at either (a) the Alternate Base Rate (“ABR”) (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the “prime rate,” subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate (as defined therein), plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV’s leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV's ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a "FCCR Trigger Event"). Accounts receivable received by FINV's U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to "springing" cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and "springing" cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV's other indebtedness.

As of December 31, 2020, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $10.3 million and availability of $24.2 million. As of December 31, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.3 million and availability of $44.7 million.

Cash Flows from Operating, Investing and Financing Activities

The following table summarizes cash flows from operations, investing and financing activities for the years ended December 31, 2020 and 2019 (in thousands):

	Years ended December 31,	
	2020	**2019**
Cash provided by / (used in):		
Operating activities	$ 41,007	$ 25,691
Investing activities	(20,034)	(10,046)
Financing activities	(2,082)	(5,945)
Exchange losses on cash and cash equivalents	(3,028)	(529)
Net change in cash and cash equivalents	$ 15,863	$ 9,171

Cash provided by operating activities was $41.0 million for the year ended December 31, 2020 as compared to $25.7 million in 2019. The increase in cash provided by operating activities in 2020 as compared to 2019 was primarily a result of accounts receivable changes.

Cash used in investing activities was $(20.0) million for the year ended December 31, 2020 as compared to $(10.0) million in 2019. The increase in cash used in investing activities in 2020 as compared to 2019 was primarily a result of decreased net proceeds from the sale of investments of $26.0 million, partially offset by decreased purchases of property, plant and equipment and increased proceeds from sale of assets.

Cash used in financing activities was $2.1 million for the year ended December 31, 2020 as compared to $5.9 million in 2019. The decrease in 2020 as compared to 2019 was due to decreased repayment of borrowings $5.4 million, partially offset by repurchases under our publicly announced share repurchase program of $1.5 million during the year ended December 31, 2020.

Personnel

At December 31, 2020, we had approximately 2,400 employees worldwide. We are a party to collective bargaining agreements or other similar arrangements in certain international areas in which we operate, such as Brazil, Africa and Europe. At December 31, 2020, approximately 11% of our employees were subject to collective bargaining agreements, with 6% being under agreements that expire within one year. We consider our relations with our employees to be positive. Based upon the geographic diversification of our employees, we believe any risk of loss from employee strikes or other collective actions would not be material to the conduct of our operations taken as a whole.

Board Structure

We currently have a two-tier board structure, consisting of a Management Board and a Supervisory Board, each of which must consist of at least one member under the Company's Articles of Association. No person can serve on both the Management Board and the Supervisory Board. This structure is customary for Dutch companies.

Management Board

During the start of 2020, the sole members of the Management Board of the Company were Messrs. Steven Russell and John Symington. At the 2020 annual meeting Ms. Melissa Cougle was appointed as managing director of the Company, effective June 10, 2020. At the annual meeting, it will be proposed to reappoint Steven Russell, John Symington and Melissa Cougle as managing directors of the Company to serve until the earlier of the Company's 2022 annual meeting of shareholders, the implementation of the governance changes pursuant to the announced combination of Frank's and Expro in accordance with the Merger, or until their successors are elected and qualified or upon their earlier death, disability, resignation or removal.

Duties of the members of the Management Board include the management of the Company, consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval.

Supervisory Board

Under Dutch law, the Supervisory Board's duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board exercises oversight of management with FINV's interests in mind. The Supervisory Directors of FINV at December 31, 2020 were Michael C. Kearney, Robert W. Drummond, Michael E. McMahon, L. Don Miller, D. Keith Mosing, Kirkland D. Mosing, Erich L. Mosing, Melanie M. Trent and Alexander Vriesendorp.

At the annual meeting, the terms of our nine incumbent directors, three of whom are members of the Mosing family, will expire. The nine incumbent supervisory board members will be up for re-election, all with a term beginning on the date of the 2021 annual meeting of shareholders, to serve until the earlier of our 2022 annual meeting of shareholders, the implementation of the governance changes pursuant to the announced combination of Frank's and Expro in accordance with the Merger, or until their successors are elected and qualified or upon their earlier death, disability, resignation or removal.

Director Independence

Rather than adopting categorical standards, the Supervisory Board assesses director independence on a case-by-case basis, in each case consistent with applicable legal requirements and the listing standards of the NYSE. After reviewing all relationships each director has with the Company, including the nature and extent of any business relationships between the Company and each director, as well as any significant charitable contributions the Company makes to organizations where its directors serve as board members or executive officers, the Supervisory Board has affirmatively determined each of Mr. Drummond, Mr. Miller, Mr. McMahon, Ms. Trent and Mr. Vriesendorp have no material relationships with the Company and are independent as defined by Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and by the standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Corporate Governance Code.

Board and Committee Meetings

The Supervisory Board held five meetings, the Audit Committee of the Supervisory Board held four meetings, the Compensation Committee of the Supervisory Board held four meetings and the Nominating and Governance Committee held four meetings during 2020. The Management Board held one formal meeting in 2020, in Amsterdam, the Netherlands, but meets weekly on an informal basis to coordinate the management of the business of the Company.

During 2020, each of the Company's supervisory directors attended at least 75% of the Supervisory Board meetings and the meetings of the committees on which that director served. The supervisory directors are fully informed in advance of each meeting, enabling them to provide input for the meeting in case they are not able to attend. All members are also updated on the outcome of each meeting. In view of the COVID-19 pandemic and the measures taken in connection therewith, the Company's directors were encouraged to attend the 2020 annual meeting of shareholders telephonically or through audio webcast. Eight of the nine supervisory directors and the two managing directors at the time attended the 2020 annual meeting of shareholders through electronic conferencing and were available to answer questions.

Personal Information about each Management Board Member

Steven Russell

a. gender: male
b. age: 53
c. profession: Senior Vice President, Operations
d. nationality: United Kingdom
e. date of initial appointment: May 22, 2019

Mr. Russell currently serves as the Company's Senior Vice President, Operations. Prior to serving in his current position, he served as President, Tubular Running Services, from June 2018 through November 2019, and as the Company's Senior Vice President, Human Resources from May 2017 to June 2018. Prior to joining the Company, Mr. Russell served as Vice President, Human Resources for Archer Ltd., a global oil services company, from 2011 until 2017. Previously, he served as Global Inventory Manager for Schlumberger Ltd. (NYSE: SLB), a global oilfield services company, and prior to that, Mr. Russell served in a variety of roles for Schlumberger Ltd. Mr. Russell has over 25 years of experience in the oilfield services industry, with an emphasis on strong line management in North America, Europe, Asia, and Russia. Mr. Russell received a Master's in Chemical Engineering from the Imperial College of Science & Technology in London, England.

John Symington

a. gender: male
b. age: 60
c. profession: Senior Vice President, General Counsel, Secretary and Chief Compliance Officer
d. nationality: United States of America
e. date of initial appointment: May 22, 2019

Mr. Symington currently serves as the Company's Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, a position he has held since June 2018. Prior to joining the Company, Mr. Symington was engaged in private law practice as Of Counsel to the firm of Selman, Munson & Lerner, PC, in Houston, Texas from June 2015 through June 2018. Mr. Symington previously served in several positions within the legal department of Seadrill Limited, an offshore drilling contractor, from September 2008 through May 2015, including serving as general counsel for Seadrill Management Limited from April 2013 through May 2015. While serving as general counsel for Seadrill, he was also the chief legal officer for its publicly traded affiliates Seadrill Partners, North Atlantic Drilling, and Sevan Drilling. Prior to joining Seadrill, Mr. Symington worked in private legal practice and various in-house legal positions including serving as General Counsel of Enventure Global Technology, a provider of expandable oilfield well casing from September 2003 through September 2007, and various positions within the legal department of Schlumberger Limited, a diversified oilfield services provider, from March 1990 through December 2000. Mr. Symington's experience includes assignments abroad in the United Kingdom, Venezuela and Brazil, and he is fluent in Spanish and Portuguese. Mr. Symington holds a Juris Doctor degree from the University of Texas School of Law and a Bachelor of Arts from Duke University.

Melissa Cougle

a. gender: Female
b. age: 44
c. profession: Senior Vice President and Chief Financial Officer
d. nationality: United States of America
e. date of initial appointment: June 10, 2020

Ms. Cougle has served as the Company's Senior Vice President and Chief Financial Officer since May 2019 and took on additional responsibilities as principal accounting officer in November 2019. She previously served as CFO of National Energy Services Reunited (NESR), a publicly traded oilfield services provider with operations focused in the Middle East-North Africa region. Prior to joining NESR, Ms. Cougle worked 13 years for Ensco plc (ESV), a global offshore drilling contractor, where she held multiple senior positions in treasury, capital management, finance and administration, corporate accounting, internal audit, management reporting and financial systems. Ms. Cougle began her career in the audit and consulting practices of Arthur Andersen LLP which became Protiviti. She holds a Bachelor of Science degree in Accounting from Louisiana State University.

Personal Information about each Supervisory Board Member

Michael C. Kearney

a. gender: male

b. age: 72
c. profession: Chairman of the Supervisory Board, President and Chief Executive Officer
d. principal position: Chairman of the Supervisory Board and Supervisory Director, President and Chief Executive Officer
e. nationality: United States of America
f. date of initial appointment: November 6, 2013 for the Supervisory Board and Audit Committee, August 2014 for the Compensation Committee and December 31, 2015 as Chairman of the Supervisory Board
g. current term in office: at the Company's annual meeting 2021, Mr. Kearney will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Kearney currently serves as the Company's Chairman, President and Chief Executive Officer, a position he has held since September 2017. Mr. Kearney has served as a member of the Supervisory Board since 2013 and has over 25 years of upstream energy executive and Board experience, principally in the oil services sector. Mr. Kearney was appointed to the Supervisory Board in 2013 and was Lead Supervisory Director from May 2014 until December 31, 2015, when he was named Chairman. In addition, he served on the Audit Committee from 2013 until 2017 and the Compensation Committee from 2014 until 2016. Mr. Kearney previously served as President and Chief Executive Officer of DeepFlex Inc., a privately held oil service company which was engaged in the manufacture of flexible composite pipe used in offshore oil and gas production, from September 2009 until June 2013, and had served as the Chief Financial Officer of DeepFlex Inc. from January 2008 until September 2009. Mr. Kearney served as Executive Vice President and Chief Financial Officer of Tesco Corporation from October 2004 to January 2007. From 1998 until 2004, Mr. Kearney served as the Chief Financial Officer and Vice President-Administration of Hydril Company. In addition to his executive experience, Mr. Kearney's oil service experience extends to serving on the Board of Core Laboratories from 2004 until 2017, most recently as its Lead Director, and serving on the Board and Audit Committee of Fairmount Santrol from 2015 until its merger with Unimin Corporation in 2018. Mr. Kearney currently serves on the Board and Audit Committee of Ranger Energy Services, Inc., an independent provider of well service rigs and associated services, since 2018. He also serves on the Advisory Board for the Petroleum Equipment & Services Association and is a director nominee to its Board of Directors. Mr. Kearney received a Bachelor of Business Administration degree from Texas A&M University, as well as a Master of Science degree in Accountancy from the University of Houston. Mr. Kearney was selected as a supervisory director because of his experience in the oil and gas industry and his experience serving on the board of directors of other companies.

Michael E. McMahon

a. gender: male
b. age: 73
c. profession: Lead Supervisory Director
d. principal position: Lead Supervisory Director, member and chairman of the Audit Committee, member of the Compensation Committee
e. nationality: United States of America
f. date of initial appointment: May 20, 2016 for the Supervisory Board, Audit Committee and Nominating and Governance Committee
g. current term in office: at the Company's annual meeting 2021, Mr. McMahon will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. McMahon was appointed to the Supervisory Board in May 2016. He is a founder and former partner of Pine Brook Partners LLC, a private equity firm, established in July 2006. Prior thereto, he served as Executive Director of Rhode Island Economic Development Corporation from January 2003 to July 2006. He was also a founder and partner of RockPort Capital Partners, a venture capital firm, from 2000 to 2003. Mr. McMahon has served on the board of directors of several public companies, including Bancorp Rhode Island, a publicly held banking and investments company, from 2006 until 2012 as well as serving on its Compensation Committee and Governance and Nominating Committee, Transocean Ltd., an offshore drilling company, from 2005 until 2007 as well as its Audit Committee, and Spinnaker Exploration Inc, an oil and gas exploration and production company, from 1999 to 2005 as well as serving as Chairman of its Audit Committee. He has also served on the board of directors for The Marine Drilling Companies Inc., an offshore drilling services company, TPC Corporation, a natural gas storage company, Numar Corporation, a company specializing in well logging technology used in oil and gas wells, and Triton Energy, an oil and gas exploration and production company. Mr. McMahon holds an A.B. in American Civilization from Brown University and was a member of the Program for Management Development (PMD 33) at Harvard Business School. Mr. McMahon was selected as a supervisory director because of his business acumen, capital market expertise and public company experience.

Robert W. Drummond

a. gender: male

b. age: 60
c. profession: Supervisory Director
d. principal position: Supervisory Director member and chairman of the Compensation Committee and member of the Nominating and Governance Committee
e. nationality: United States of America
f. date of initial appointment: May 19, 2017 for the Supervisory Board and Compensation Committee
g. current term in office: at the Company's annual meeting 2021, Mr. Drummond will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Drummond was appointed to the Supervisory Board in May 2017. He currently serves as President and Chief Executive Officer of NexTier Energy Solutions Inc. fka Keane Group, Inc., a position he has held since August 2018. He also serves on the Board of Directors of Keane Group, Inc. since August 2018. Prior to serving in his current position, Mr. Drummond served as President and Chief Executive Officer of Key Energy Services, Inc. from March 2016 to May 2018, prior to which he was President and Chief Operating Officer since June 2015. He also served on the Board of Directors of Key Energy Services, Inc. from November 2015 until August 2018. Prior to joining Key, Mr. Drummond was previously employed for 31 years by Schlumberger Limited, where he served in multiple engineering, marketing, operations, and leadership positions throughout North America. His positions at Schlumberger included President of North America from January 2011 to June 2015; President of North America Offshore & Alaska from May 2010 to December 2010; Vice President and General Manager for the US Gulf of Mexico from May 2009 to May 2010; Vice President of Global Sales from July 2007 to April 2009; Vice President and General Manager for US Land from February 2004 to June 2007; Wireline Operations Manager from October 2003 to January 2004; Vice President and General Manager for Atlantic and Eastern Canada from July 2000 to September 2003; and Oilfield Services Sales Manager from January 1998 to June 2000. Mr. Drummond began his career in 1984 with Schlumberger. Mr. Drummond is a member of the Society of Petroleum Engineers and serves on the Advisory Board for the Petroleum Equipment Suppliers Association and the University of Alabama College of Engineering Board. Formerly, he served as a member of the Board of Directors of the National Ocean Industries Association; the Board of Directors for the Greater Houston Partnership and on the Board of Trustees for the Hibernia Platform Employees Organization - Newfoundland; and as an advisory board member for each of the University of Houston Global Energy Management Institute, the Texas Tech University Petroleum Engineers and Memorial University's Oil and Gas Development Partnership. Mr. Drummond received his Bachelor's of Science in Mineral/Petroleum Engineering from the University of Alabama in 1983. Mr. Drummond was selected as a supervisory director because of his extensive industry and management expertise.

L. Don Miller
a. gender: male
b. age: 58
c. profession: Supervisory Director
d. principal position: Supervisory Director, member and chairman of the Audit Committee and Compensation Committee
e. nationality: United States of America
f. date of initial appointment: June 10, 2020 for the Supervisory Board, Audit Committee and Compensation Committee
g. current term in office: at the Company's annual meeting 2021, Mr. Miller will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Miller served as President and Chief Executive Officer of Bristow Group Inc. ("Bristow") from February 2019 to June 2020. He previously served as Senior Vice President and Chief Financial Officer of Bristow from August 2015 to February 2019. Before that he served as Bristow's Senior Vice President, Mergers, Acquisitions and Integration from June 2015 to August 2015, its Vice President, Mergers, Acquisitions and Integration from November 2014 to June 2015 and its Vice President, Strategy and Structured Transactions from 2010 to 2014. Prior to joining Bristow, Mr. Miller worked as an independent consultant from 2008 to 2010 assisting companies in capital markets and in a financial advisory capacity. He was previously the post-petition President and Chief Executive Officer for Enron North America Corp. and Enron Power Marketing, Inc. from 2001 to 2007 and also served in senior financial positions with Enron, including Director – Finance and Vice President, Asset Marketing Group from 1998 to 2001. Mr. Miller also currently serves as a director of Hornbeck Offshore Services Inc., a marine transportation services provider to the oil and gas industry, since February 2021, and serves as a member of its Audit Committee. His career also includes seven years in senior financial positions with Citicorp Securities, Inc. and four years as an account executive with Dean Witter Reynolds, Inc. Mr. Miller is a Chartered Financial Analyst ("CFA") charterholder. Mr. Miller was selected as a supervisory director because of his extensive industry and management expertise.

D. Keith Mosing

a. gender: male
b. age: 70
c. profession: Supervisory Director
d. principal position: Supervisory Director
e. nationality: United States of America
f. date of initial appointment: August 8, 2013
g. current term in office: at the Company's annual meeting 2021, Mr. Mosing will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Mosing was appointed to the Supervisory Board in connection with the Company's initial public offering in August 2013. He currently serves as CEO and President of Western Airways, Inc., a private aviation charter company, as well as Mosing Properties and other related family real estate companies which engage in the sale, purchase and management of commercial real estate. He previously served as Executive Chairman of the Company from January 2015 until December 2015. He served as the Chairman of the Company's Supervisory Board since the Company's initial public offering in August 2013 until December 2015, and previously served as the Company's Chief Executive Officer and President from July 2011 until January 2015. He began his career as an employee of Frank's Casing Crew and Rental Tools, LLC ("FCC") in 1965. Upon graduation from college and completion of military service he rejoined FCC in 1972, and in 1981 founded the Company's international operations and formally organized the international business as a separate company named Frank's International (a predecessor to the Company), with Mr. Mosing serving as Chairman, President and Chief Executive Officer. Mr. Mosing attended the University of Louisiana at Lafayette and Embry-Riddle Aeronautical University, where he graduated with a Bachelor of Science degree. Mr. Mosing is a member of the Society of Petroleum Engineers (SPE) and National Oil-Equipment Manufacturers and Delegate Society (NOMADS). Mr. Mosing was selected as a supervisory director because he is the founder of the Company's international operations, a driving force behind the expansion of the Company's U.S. operations and because of his extensive experience and familiarity with the Company's business and customers. Mr. Mosing is the cousin of Kirkland D. Mosing and the uncle of Erich L. Mosing.

Erich L. Mosing

a. gender: male
b. age: 36
c. profession: Supervisory Director
d. principal position: Supervisory Director
e. nationality: United States of America
f. date of initial appointment: June 10, 2020 for the Supervisory Board
g. current term in office: at the Company's annual meeting 2021, Mr. Mosing will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Mosing began his career with Frank's full time in 2006 and has held various positions, including positions in manufacturing and marketing, until leaving the Company in 2015. Mr. Mosing received his Bachelor of Science Degree from the E. J. Ourso College of Business at Louisiana State University in 2006. Mr. Mosing was selected as a supervisory director because of his extensive experience and familiarity with the Frank's companies. Mr. Mosing is the nephew of D. Keith Mosing and Kirkland D. Mosing.

Kirkland D. Mosing

a. gender: male
b. age: 62
c. profession: Supervisory Director
d. principal position: Supervisory Director
e. nationality: United States of America
f. date of initial appointment: August 14, 2013
g. current term in office: at the Company's annual meeting 2021, Mr. Mosing will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Mosing was appointed to the Supervisory Board in connection with the Company's initial public offering in August 2013. Mr. Mosing served as a technical sales representative for FCC from 1986 until his retirement in June 2015. Mr. Mosing has a Doctor of Veterinary Medicine from Louisiana State University. Mr. Mosing was selected as a supervisory director because of his extensive experience and familiarity with the Frank's companies. Mr. Mosing is the cousin of D. Keith Mosing and the uncle of Erich L. Mosing.

Melanie M. Trent

a. gender: female
b. age: 56
c. profession: Supervisory Director
d. principal position: Supervisory Director and member of the Audit Committee, Compensation Committee and Nominating and Governance Committee
e. nationality: United States of America
f. date of initial appointment: January 15, 2019
g. current term in office: at the Company's annual meeting 2021, Ms. Trent will be standing for election as supervisory director to serve until the Company's annual meeting 2022.

Ms. Trent was appointed to the Supervisory Board in January, 2019. She served in various legal, administrative and compliance capacities for Rowan Companies plc (NYSE: RDC), a global offshore drilling contractor active in the Middle East, United Kingdom, Norway, Gulf of Mexico and Trinidad, from 2005 until April 2017, including as an Executive Vice President, General Counsel and Chief Administrative Officer from 2014 until April 2017, as Senior Vice President, Chief Administrative Officer and Company Secretary from 2011 until 2014, as Vice President and Corporate Secretary from 2010 until 2011, and in various other legal and compliance roles from 2005 to 2010. Ms. Trent currently serves as a director of Diamondback Energy, Inc, an independent oil and natural gas company (NASDAQ: FANG) focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas, since April 2018, as well as on its Audit, Compensation and Nominating Committees. She chairs Diamondback's Safety, Sustainability, & Corporate Responsibility Committee. She also currently serves as a director of Arcosa, Inc. (NYSE: ACA), a provider of infrastructure-related products and solutions, with leading positions in construction, energy and transportation markets, since November 2018, as well as on its Audit and Corporate Governance and Directors Nominating Committees. Ms. Trent also currently serves as a director of Noble Corporation, an offshore drilling contractor, since February 2021, and serves as the Chair of its Compensation Committee, and as a member of its Nominating, Governance and Sustainability Committee. Ms. Trent holds a Bachelor's degree from Middlebury College and holds a Juris Doctorate degree from Georgetown University Law Center. We believe that Ms. Trent's strong legal and executive management experience, diverse background and knowledge of oil and gas and energy industries qualify her to serve as a supervisory director.

Alexander Vriesendorp

a. gender: male
b. age: 68
c. profession: Supervisory Director
d. principal position: Supervisory Director, member of the Audit Committee and Nominating and Governance Committee
e. nationality: the Netherlands
f. date of initial appointment: May 20, 2016 for the Supervisory Board, Compensation Committee and Nominating and Governance Committee, September 26, 2017 for the Audit Committee
g. current term in office: at the Company's annual meeting 2021, Mr. Vriesendorp will be standing for re-election as supervisory director to serve until the Company's annual meeting 2022.

Mr. Vriesendorp was appointed to the Supervisory Board in May 2016. Mr. Vriesendorp has been a partner of Shamrock Partners B.V. since 1996, which serves as the manager for the Vreedenlust venture capital funds. From 1998 until 2001, Mr. Vriesendorp served as chief executive officer of RMI Holland B.V., a valve manufacturer, in the Netherlands. From 1991 until 1995, he served as chief executive officer of the Nienhuis Group, a manufacturer and worldwide distributor of Montessori materials with its head office in the Netherlands. From 2000 until 2012, Mr. Vriesendorp served as a member of the Supervisory Board of Core Laboratories N.V., a Dutch company providing proprietary and patented reservoir description, production enhancement and reservoir management services and products to the oil and gas industry. He was also a member of the supervisory board of SAS Gouda for 12 years. SAS originally founded in 1896 in Gouda, the Netherlands, specialized in designing and manufacturing reliable deck equipment for the offshore oil and gas market. Mr. Vriesendorp has also served on the supervisory boards of various privately-held European companies. Mr. Vriesendorp received a Master in Law degree from Leiden University in the Netherlands. Mr. Vriesendorp was selected as a supervisory director because of his broad international experience, his knowledge of Dutch corporate governance based on his legal background, and his general business knowledge regarding European companies.

Committees of the Supervisory Board

The Company's Supervisory Board currently has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each of the three committees has the composition and responsibilities described below. The Company may decide in the future to create additional committees.

Audit Committee

The Audit Committee oversees, reviews, acts on and reports on various auditing and accounting matters to the Company's Supervisory Board, including: the selection of the Company's independent accountants, the scope of the Company's annual audits, fees to be paid to the independent accountants, the performance of the Company's independent accountants and the Company's accounting practices. In addition, the Audit Committee oversees the Company's compliance programs relating to legal and regulatory requirements. On a quarterly basis, the Audit Committee meetings are typically attended by the Company's Chief Financial Officer, General Counsel, representatives from its external and internal auditors, and others as necessary and appropriate. The Company has adopted an Audit Committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and the NYSE market standards, which is available at *www.franksinternational.com*.

Mr. McMahon, Mr. Miller, Ms. Trent and Mr. Vriesendorp are the current members of the Audit Committee and Mr. McMahon is the Chairman of the Audit Committee. An "audit committee financial expert" is defined as a person who, based on his or her experience, possesses the attributes outlined in Regulation S-K Item 407(d)(5)(ii) and (iii). The Supervisory Board has determined that Mr. McMahon is an "audit committee financial expert" as defined by the rules and regulations of the SEC.

If re-elected to the Supervisory Board, Mr. McMahon, Mr. Miller, Ms. Trent and Mr. Vriesendorp will continue to serve on the Audit Committee with Mr. McMahon serving as Chair. The Company has determined that each of Mr. McMahon, Mr. Miller, Ms. Trent and Mr. Vriesendorp are financially literate as defined by the rules and regulations of the SEC.

Principal items discussed during the Audit Committee meeting in preparation for the filing with the SEC of our Annual Report on Form 10-K for the year ended December 31, 2020 included the following:

- reviewed and discussed the Company's audited consolidated financial statements as of and for the year ended December 31, 2020 with management and with the independent registered public accountants;

- considered the adequacy of the Company's internal controls and the quality of its financial reporting, and discussed these matters with management and with the independent registered public accountants;

- reviewed and discussed with the independent registered public accountants (1) their judgments as to the quality of the Company's accounting policies, (2) the written disclosures and letter from the independent registered public accountants required by Public Company Accounting Oversight Board Independence Rules, and the independent registered public accountants' independence, and (3) the matters required to be discussed by the Public Company Accounting Oversight Board's AU Section 380, Communication with Audit Committees, and by the Auditing Standards Board of the American Institute of Certified Public Accountants;

- discussed with management and with the independent registered public accountants the process by which the Company's chief executive officer, chief financial officer and chief accounting officer make the certifications required by the SEC in connection with the filing with the SEC of the Company's periodic reports, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q; and

- based on the reviews and discussions referred to above, recommended to the Supervisory Board that the consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

The Audit Committee also met to review and discuss the Company's audited Dutch statutory annual accounts for the financial year 2020 with management and KPMG Accountants N.V. The discussion included the observations of the independent registered public accountants during the audit as well as regulatory and financial reporting developments that may affect the Company in future years. The Audit Committee recommended that the Company's audited Dutch statutory annual accounts for the financial year 2020 be approved by the Supervisory Board.

Compensation Committee

The Company's Compensation Committee was formed in August 2014 and currently consists of Mr. Drummond, Mr. McMahon and Mr. Miller, with Mr. Drummond serving as the Chairman.

The Compensation Committee oversees, reviews, acts on and reports on various compensation matters to the Company's Supervisory Board, including: the compensation of the Company's executive officers, supervisory directors and management directors; the Compensation Discussion and Analysis included in the Company's proxy statement or Annual Report on Form 10-K and the Compensation Committee Report; compensation matters required by Dutch Law; and the discharge of the Supervisory Board's responsibilities relating to compensation of the Company's executive officers, supervisory directors and managing directors. The Company has adopted a Compensation Committee charter defining the committee's primary duties, which is available at *www.franksinternational.com*.

The Compensation Committee is delegated all authority of the Supervisory Board as may be required or advisable to fulfill the purposes of the Compensation Committee. The Compensation Committee may form and delegate some or all of its authority to subcommittees or to its Chairman when it deems appropriate. Meetings may, at the discretion of the Compensation Committee, include other supervisory directors, members of the Company's management, consultants or advisors, and such other persons as the Compensation Committee believes to be necessary or appropriate. Further, Meridian Consultants, LLC has been engaged to provide advice and recommendations regarding compensation.

If re-elected to the Supervisory Board, Mr. Drummond, Mr. McMahon and Mr. Miller will continue to serve on the Compensation Committee, with Mr. Drummond serving as Chair.

Nominating and Governance Committee

The Company's Nominating and Governance Committee was formed in May 2016 and currently consists of Ms. Trent, Mr. Drummond and Mr. Vriesendorp, with Ms. Trent serving as Chair.

The Nominating and Governance Committee oversees, reviews, acts on and reports on various corporate governance matters to the Company's Supervisory Board, including selection of director nominees; composition of the Supervisory Board and its committees; compliance with corporate governance guidelines; annual performance evaluations of the Supervisory Board and its committees; and succession planning for the Chief Executive Officer. The Company has adopted a Nominating and Governance Committee charter defining the committee's primary duties, which is available at *www.franksinternational.com*.

The Nominating and Governance Committee is delegated all authority of the Supervisory Board as may be required or advisable to fulfill the purposes of the Nominating and Governance Committee. The Nominating and Governance Committee may form and delegate some or all of its authority to subcommittees or to its Chairman when it deems appropriate. Meetings may, at the discretion of the Nominating and Governance Committee, include other supervisory directors, members of the Company's management, consultants or advisors, and such other persons as the Nominating and Governance Committee believes to be necessary or appropriate.

If re-elected to the Supervisory Board, Ms. Trent, Mr. Drummond and Mr. Vriesendorp will continue to serve on the Nominating and Governance Committee, with Ms. Trent serving as Chair.

Selection of Supervisory Director Nominees and Shareholder Participation

Pursuant to the Company's Articles, supervisory directors are appointed by the shareholders voting at the general meeting. The number of members of the Company's Supervisory Board is determined from time to time at a general meeting upon a proposal by the Supervisory Board, but will not be greater than nine. Pursuant to the Company's Articles, the Mosing family has the right to make a binding recommendation of one director for nomination to the Supervisory Board for each 10% of the outstanding Common Stock, they collectively beneficially own, up to a maximum of five directors. The remaining directors, including any directors for which the Mosing family does not exercise its recommendation right, are appointed on recommendation of the Supervisory Board.

The general meeting is free to appoint a supervisory director if no recommendation is made within three months of a position becoming vacant. A recommendation submitted on time is binding. However, the general meeting may disregard the recommendation if it adopts a resolution to that effect by a majority of no less than two-thirds of the votes cast, representing over one-half of the issued capital.

In evaluating supervisory director candidates, the Company assesses whether a candidate possesses the integrity, judgment, knowledge, experience, skills and expertise that are likely to enhance the Supervisory Board's ability to oversee and direct the Company's affairs and business, including, when applicable, to enhance the ability of committees of the Supervisory Board to fulfill their duties and the quality of the Supervisory Board's deliberations and decisions. In evaluating supervisory directors, the Company considers diversity in its broadest sense, including persons diverse in perspectives, personal and professional experiences, geography, gender, race and ethnicity.

In order to assist the Supervisory Board in the supervisory director selection process as well as in the selection of Supervisory Board committee composition, the Nominating and Governance Committee has developed a written matrix of the ideal characteristics and competencies of a public company board of supervisory directors, including the best practice compositions for members of an audit committee, compensation committee and nominating and governance committee. Criteria includes (i) senior leadership experience, (ii) business development/mergers and acquisition experience, (iii) financial expertise and financial literacy, (iv) public board experience, (v) the number of public boards on which the individual is currently serving, (vi) diversity, (vii) global experience, (viii) industry experience, (ix) operational/manufacturing experience, (x) information technology experience, (xi) brand marketing experience, (xii) independence, (xiii) drilling/service company experience, (xiv) controlled company experience, (xv) strategy and vision development, (xvi) collegiality and respectfulness with regards to the ideas of others, and (xvii) emergency CEO capability.

The Company will consider director candidates recommended by shareholders on the same basis as candidates recommended by the Supervisory Board and other sources. For a description of the procedures and qualifications required to submit shareholder proposals, including for nominating directors, please see "Shareholder Proposals." Other than as described above, the Company does not have a policy regarding consideration of director candidates submitted by shareholders.

Shareholder Proposals

Pursuant to the Company's Articles, general meetings will be held in Amsterdam, the Netherlands in the municipality in which the Company has its statutory seat, or at Schiphol (Municipality of Haarlemmermeer). A general meeting of shareholders shall be held at least once a year within the period required by Dutch law, which is currently no later than six months after the end of the Company's financial year.

The agenda for the 2022 annual meeting shall include, in addition to other matters (including the customary matters and those in connection with the Merger), any matter the consideration of which has been requested by one or more shareholders, representing alone or jointly with others at least such percentage of the issued capital stock as determined by our Articles and Dutch law, which is currently set at three percent. In order for such matters to be included in the Company's proxy material or presented at the 2022 annual meeting, the qualified shareholder must submit the matter to the Company's Secretary at 10260 Westheimer Rd., Suite 700, Houston, Texas 77042. The request to consider such matters should be received by us no later than on the 60th day prior to the day of the 2022 annual meeting accompanied by a statement containing the reasons for the request. Requests received later than the 60th day prior to the day of the meeting will be considered untimely. We currently expect our 2022 annual meeting to be held on or about May 19, 2022.

Procedures for Approval of Related Person Transactions

According to Company policy, a "Related Person" means:

- any person who is, or at any time during the applicable period was, one of the Company's executive officers or one of its directors;

- any person who is known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities;

- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5% of any class of the Company's voting securities, and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5% of any class of the Company's Common Stock; and

- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

The Company's Supervisory Board adopted a written Related Party Transactions Policy and has approved, along with the Audit Committee, the applicable related party transactions at this time. Pursuant to this policy, the Supervisory Board will review all material facts of all new Related Party Transactions and either approve or disapprove entry into the Related Party Transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a Related Party Transaction, the Supervisory Board expects to take into account, among other factors, the following: (1) whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and (2) the extent of the Related Person's interest in the transaction. Further, the policy requires that all Related Party Transactions required to be disclosed in the Company's filings be so disclosed in accordance with applicable laws, rules and regulations.

Transactions with Related Parties

The related party transactions are disclosed below:

We have engaged in certain transactions with other companies related to us by common ownership. We have entered into various operating leases to lease facilities from these affiliated companies. Rent expense associated with our related party leases was $2.7 million and $2.7 million for the years ended December 31, 2020 and 2019, respectively.

Tax Receivable Agreement

Mosing Holdings and its permitted transferees converted all of their shares of Preferred Stock into shares of FINV common stock on August 26, 2016, in connection with their delivery to FINV of all of their interests in FICV (the "Conversion"). As a result of an election under Section 754 of the Internal Revenue Code, made by FICV, the Conversion resulted in an adjustment to the tax basis of the tangible and intangible assets of FICV with respect to the portion of FICV transferred to FINV by Mosing Holdings and its permitted transferees. These adjustments are allocated to FINV. The adjustments to the tax basis of the tangible and intangible assets of FICV described above would not have been available absent the Conversion. The basis adjustments may reduce the amount of tax that FINV would otherwise be required to pay in the future. These basis adjustments may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

The Tax Receivable Agreement ("TRA") that FINV entered into with FICV and Mosing Holdings in connection with the IPO generally provides for the payment by FINV to Mosing Holdings of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that FINV actually realizes (or is deemed to realize in certain circumstances) in periods after the IPO as a result of (i) tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by FINV as a result of, and additional tax basis arising from, payments under the TRA. FINV will retain the benefit of the remaining 15% of these cash savings, if any. Payments FINV makes under the TRA will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the TRA. The payments under the TRA will not be conditioned upon a holder of rights under the TRA having a continued ownership interest in FINV.

The estimation of the amount and timing of payments under the TRA is by its nature imprecise. For purposes of the TRA, cash savings in tax generally are calculated by comparing FINV's actual tax liability to the amount FINV would have been required to pay had it not been able to utilize any of the tax benefits subject to the TRA. The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the amount and timing of the taxable income FINV generates in the future. As of December 31, 2020, FINV has had a cumulative loss over the prior 36-month period. Based on this history of losses, as well as uncertainty regarding the timing and amount of future taxable income, FINV is no longer able to conclude that there will be future cash savings that will lead to additional payouts under the TRA. Additional TRA liability may be recognized in the future based on changes in expectations regarding the timing and likelihood of future cash savings.

The payment obligations under the TRA are FINV's obligations and are not obligations of FICV. The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless FINV elects to exercise its right to terminate the TRA (or the TRA is terminated due to other circumstances, including FINV's breach of a material obligation thereunder or certain mergers or other changes of control), and FINV makes the termination payment specified by the TRA. If FINV elects to terminate the TRA early, which it may do in its sole discretion (or if it terminates early as a result of our breach), it would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize the tax attributes subject to the TRA), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of any cash tax savings from the tax benefits to which the payment relates. the actual realization, if any, of such future benefits. In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control. In these situations, FINV's obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. For example, if the TRA were terminated on December 31, 2020, the estimated termination payment would be approximately $68.0 million (calculated using a discount rate of 4.45%). The foregoing number is merely an estimate and the actual payment could differ materially.

Because FINV is a holding company with no operations of its own, its ability to make payments under the TRA is dependent on the ability of FINV's operating subsidiaries to make distributions to it in an amount sufficient to cover FINV's obligations under such agreement. The ability of certain of FINV's operating subsidiaries to make such distributions will be subject to, among other things, the applicable provisions of Dutch law that may limit the amount of funds available for distribution and restrictions in our debt instruments. To the extent that FINV is unable to make payments under the TRA for any reason (except in the case of an acceleration of payments thereunder occurring in connection with an early termination of the TRA or certain mergers or change of control) such payments will be deferred and will accrue interest until paid, and FINV will be prohibited from paying dividends on its common stock.

Transactions with Directors, Executive Officers and Affiliates

In connection with the Company's IPO, Mosing Holdings caused the Company's U.S. operating subsidiaries to distribute certain assets that generated a *de minimis* amount of revenue, including aircraft, real estate and life insurance policies. Accordingly, these assets were not contributed to FICV in connection with the IPO. As a result, the Company entered into real estate lease agreements with customary terms for continued use of the real estate. In addition, the Company entered into various aviation services agreements with customary terms for continued use of the aircraft.

As stated above, the Company has entered into various operating leases with Mosing Land & Cattle Company of Texas L.L.C., Mosing Properties LP, 4-M Ranch, LLC, Mosing Holdings (through its wholly owned subsidiary, Mosing Ventures, LLC) and Mosing Queens Row Properties, LLC, each of which are entities owned by certain members of the Mosing family to lease operating facilities as well as office space from such entities. Rent expense related to lease operating facilities was $2.7 million and $2.7 million for the years ended December 31, 2020 and 2019, respectively.

Compensation Committee Interlocks and Insider Participation

None of the Company's executive officers serve on the board of directors or Compensation Committee of a company that has an executive officer that serves on the Company's Supervisory Board. No member of the Company's Supervisory Board is an executive officer of a company in which one of the Company's executive officers serves as a member of the board of directors or compensation committee of that company.

Communications with Directors of the Company; Website Access to Our Corporate Documents

The Supervisory Board welcomes questions or comments about the Company and its operations. Interested parties who wish to communicate with the Supervisory Board, the non-employee or independent directors, or any individual director, may write to Frank's International N.V., c/o U.S. Headquarters, Attention: Corporate Secretary - 10260 Westheimer Rd., Suite 700, Houston, Texas 77042. If requested, any questions or comments will be kept confidential to the extent reasonably possible. Depending on the subject matter, the Corporate Secretary, will:

- forward the communication to the director or directors to whom it is addressed;
- refer the inquiry to the appropriate corporate department if it is a matter that does not appear to require direct attention by the Supervisory Board or an individual director; or
- not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

Our Internet address is *www.franksinternational.com*. Our Corporate Governance Guidelines, our Corporate Code of Business Conduct and Ethics and the Audit Committee Charter are available on our website.

Corporate Governance Statement

The Company hereby issues a statement regarding its corporate governance pursuant to article 2a of the decree on additional requirements for reports of the Board of Managing Directors "Besluit inhoud bestuursverslag" which was last amended on August 29, 2017, taking effect as of January 1, 2018 (the "Decree"). The specific items are described in articles 3, 3a and 3b of the Decree.

More specifically, article 3 of the Decree requires that the Company states how it applies the relevant principles and best practices of the revised Corporate Governance Code, applicable to the Management Board and to the Supervisory Board of the Company. The Code as currently in force (the "Dutch Code") was published on December 8, 2016 (published at http://www.mccg.nl/). In this statement the Company addresses its corporate governance structure and states to what extent it applies the best practice provisions of the Dutch Code, and explains which best practice provisions of the Dutch Code the Company does not apply, and why. This statement is divided in the following sections:

- Compliance with the Dutch Corporate Governance Code;
- Conflicts of Interest; and
- Annual Performance Evaluation of the Supervisory Board and its Committees.

Additional information concerning the Company's most important risk management and control frameworks relating to the financial reporting process, as meant in article 3a sub a of the Decree, can be found in the relevant sections under:

- Risk Oversight and Internal Controls;
- Disclosure Controls and Procedures;
- Responsibility Statement; and
- Risk Factors.

Additional information regarding the functioning of the Company's General Meeting of Shareholders and the main authorities and rights of the Company's shareholders, as meant in article 3a sub b of the Decree, can be found in the sections under:

- Shares and shareholders' rights; and
- Selection of Supervisory Director Nominees and Shareholder Participation.

Additional information regarding the composition and functioning of the Company's Management Board and the Company's Supervisory Board and its committees, as meant in article 3a sub c of the Decree, can be found in the relevant sections under:

- Board Structure; and
- Committees of the Supervisory Board.

Under Dutch company law applicable to the Company, a balanced diversity is deemed to exist if at least 30% is male and 30% is female. The relevant information on the diversity policy in respect of the composition of the management board and the supervisory board (as meant in article 3a sub d of the Decree), mentioning the objects of the policy, the manner in which the policy has been implemented and the results thereof in the past financial year can be found in the relevant section under:

- Diversity Policy Supervisory and Management Board

Article 3b of the Decree, stating that the Company should state where the information concerning the inclusion of the information required by Article 10 EU Takeover Directive can be found, is not applicable to the Company. This decree is only applicable to Dutch companies whose securities have been admitted to trading on an EU regulated market. The Company's shares are admitted to trading on the NYSE and not on any EU regulated markets.

Compliance with the Dutch Corporate Governance Code

Dutch Corporate Governance Code

In addition to the New York Stock Exchange listing standards and rules and regulations as promulgated by the SEC, as a Dutch company, our governance practices are governed by the Dutch Code, which contains a number of principles and best practices.

The Dutch Code, in contrast to U.S. laws, rules and regulations related to corporate governance, contains a "comply-or-explain" principle, offering the possibility to deviate from the Dutch Code, without being in breach, as long as any such deviations are explained. In certain cases, we have not applied the Dutch Code's practices and provisions and in those instances explained the non-application.

There is considerable overlap between the requirements we must meet under U.S. rules and regulations and the provisions of the Dutch Code. We have complied with the substantial majority of the provisions of the Dutch Code. If there are conflicting provisions of the Dutch Code and the requirements of the NYSE and the SEC, we will comply with the NYSE and SEC requirements, given their mandatory nature. As a SEC registrant and NYSE listed company, we believe that it is appropriate to maintain governance practices that are consistent with our peers listed on the NYSE.

The Dutch Code as currently in force took effect for the Company as from the financial year starting on January 1, 2017. Compared with the previous version, the most important change implemented in the Dutch Code is the central role given to long-term value creation, and the introduction of ‘culture’ as a component of effective corporate governance. The Company applies the major part of the principles and provisions of the Dutch Code, insofar as they are applicable, with the exceptions listed hereafter.

There have been no material changes in the company’s governance policy in comparison with financial year 2019.

Chapter 1. Long-term value Creation

Best practice provision 1.6.1, 1.6.3 and 1.6.4

The Audit Committee is responsible for the supervision of the independence of the independent auditors and does conduct an assessment of the functioning of the external independent auditor. The Audit Committee reviews on a quarterly basis the audit plan as prepared by our internal audit function.

In addition, the Company complies with Section 10A(m)(6) of the U.S. Exchange Act which requires the Audit Committee, in its capacity as a committee of the members of the Supervisory Board, to be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer. The Company also complies with Rules 303A.06 and 303A.07 of the New York Stock Exchange, which demands additional requirements regarding the composition and independence of the Audit Committee.

On the basis of the above, the Audit Committee appoints the Company’s international independent registered public accounting firm, and makes a recommendation to the general meeting to appoint an independent auditor who will audit the statutory annual accounts, as required by Dutch corporate law.

Chapter 2. Effective Management and Supervision

The importance of diversity is recognized by the Company. The Company’s diversity policy is part of the Corporate Governance Guidelines (last reviewed and affirmed on July 30, 2019) and the Nominating and Governance Committee Charter (last reviewed and affirmed on February 19, 2019), which are under continuous consideration and review by the Supervisory Board.

The Corporate Governance Guidelines confirm that the membership of the Supervisory Board and the Management Board should reflect a diversity of experience, gender, race, ethnicity and age. The Supervisory Board acknowledges that under Dutch law, as in force until January 1, 2020 and as will be reinstalled once the new relevant legislative proposal has been adopted, a balanced division of the memberships of a board exists if at least 30% of the members are men and if at least 30% of the members are women. The Company has established through the Nominating and Governance Committee selection criteria that identify desirable skills and experience for prospective Supervisory Board and Management Board members and address the issues of diversity and background. Further information can be found under the section *Diversity Policy Supervisory and Management Board*.

During 2020, the Management Board and the Supervisory Board have improved their diversity, and the Management Board achieved the above gender diversity target under Dutch law, with the appointment of Melissa Cougle to the Management Board at the 2020 annual general meeting. The Company however has not yet achieved all of the targets of its diversity policy. The Company believes that the current composition of the boards, taking into account the knowledge and experience of the current members, is in the best interest of the Company and its businesses. In the future, however, we will continue to pursue a more diverse composition for the boards, although it is not possible to predict when we will be able to fully achieve all targets.

During 2020, the Supervisory Board did not meet the criteria for independence as set forth in Best Practice provision 2.1.7 and 2.1.8 of the Dutch Code. The Supervisory Board members that are not considered independent under the standard set forth in Best Practice provision 2.1.8 of the Dutch Code are Mr. D. Keith Mosing, Mr. Kirkland D. Mosing, Mr. Erich L. Mosing and Mr. Michael C. Kearney. The Supervisory Board believes that each of its non-independent members brings with him a level of skill, experience and qualifications that benefit the workings of the Supervisory Board and therefore the Company’s stakeholders generally.

Currently, Michael C. Kearney serves as both the Company's Chief Executive Officer and Chairman of the Supervisory Board. While the Supervisory Board believes it is important to retain the flexibility to determine whether the roles of Chairman and Chief Executive Officer should be separated or combined in one individual, the Supervisory Board believes that the current Chief Executive Officer is the individual with the necessary experience, commitment and support of the other members of the Supervisory Board to effectively carry out the role of Chairman.

The Supervisory Board believes this structure promotes better alignment of strategic development and execution, more effective implementation of strategic initiatives and clearer accountability for the Company's success or failure. Moreover, the Supervisory Board believes that combining the Chairman and Chief Executive Officer positions does not impede independent oversight of the Company since, among other things, the Supervisory Board appointed an independent Lead Supervisory Director as a result of Mr. Kearney becoming the Company's President and Chief Executive Officer.

Best practice provision 2.2.2 and 2.2.4

All Supervisory Board members are reappointed each year at the annual meeting to serve until the annual meeting of the next year. Currently, the Supervisory Board does not believe there is a driving interest in limiting members to the "two four-year terms and subsequently two two-year terms" provision of the Dutch Civil Code. To the contrary, the Supervisory Board believes that a depth of history and knowledge of the Company, which can be developed through long-term service, continues to be key to an effective oversight of the Company. The Company does not have a retirement schedule for the Supervisory Board. The Company's Corporate Governance Guidelines state that a retirement age of 75 is generally considered appropriate for the Company's supervisory directors, but the Supervisory Board may decide to defer retirement on an annual basis in appropriate circumstances after a supervisory director reaches age 75.

Best practice provision 2.3.6 - 2.3.8

The Supervisory Board does not have a vice-chairman and does not have a delegated supervisory director. The Supervisory Board, however, in cases when the Chairman is not an independent supervisory director, does appoint one of the independent supervisory directors as the Lead Supervisory Director, who performs similar roles. As a result of Mr. Kearney's appointment as the Company's President and Chief Executive Officer, Mr. Berry became Lead Supervisory Director, effective September 26, 2017. During 2019, Mr. Berry acted as Lead Supervisory Director. Since Mr. Berry was not standing for re-election at the 2020 annual meeting, the Supervisory Board appointed Mr. McMahon as Lead Supervisory Director on March 27, 2020. If re-elected to the Supervisory Board, Mr. McMahon will continue to serve as Lead Supervisory Director.

Chapter 3. Remuneration

Principle 3 and the relevant Best practice provisions

The members of the Management Board of the Company have not and will not receive any additional compensation above that which they receive as officers for each of their service as a managing director. As set out in the Compensation Discussion and Analysis ("CD&A") section of the proxy statement for the 2021 annual general meeting, the Company already has developed its philosophy, objectives, compensation processes and key components of compensation for its senior executive officers. The CD&A section of the 2021 proxy statement, includes an explanation of the share-based compensation, including the criteria for any awards. The shares that may be acquired are part of the overall maximum of 20 million shares available under the LTIP. In the 2017 general meeting, the shareholders have adopted the policy as set out in the CD&A as the general remuneration policy for the Management Board.

Best practice provision 3.3.2 and 3.3.3

As is customary in the industry in which we compete, the Company does grant annual equity compensation to the members of the Supervisory Board. The Company believes that widespread common share ownership by its directors is an effective way to align the interests of the members of the Supervisory Board with those of the Company and its shareholders. The Company also believes that directors with substantial equity positions are more proprietary in their approach to oversight than those with little or no stake in the Company. U.S. securities laws do not require directors to retain shares for a particular length of time. The equity compensation of the supervisory directors is granted pursuant to the Company's Long Term Incentive Plan, which was approved by our shareholders before the initial public offering.

Chapter 4. The General meeting

Best practice provisions 4.1.3.iii. and 4.1.3.iv

The Company's dividend policy is set out in the prospectus and is aimed at paying a dividend each quarter. We believe it is not necessary to further explain this policy during each annual meeting. Under the Articles of Association the Management Board, with the approval of the Supervisory Board, may resolve to pay dividends. However, on October 27, 2017, the Management Board has resolved to suspend the payment of quarterly distributions indefinitely.

Best practice provision 4.1.8

The Company believes that, in view of costs and business priorities, it is not in the best interest of the Company and its Shareholders that all management board and supervisory board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination. Attendance at each general meeting is determined on a case by case basis.

Best practice provision 4.1.10

Although the Company does not publish a copy of the minutes of the shareholder meetings, a summary of the actions taken at the general meeting of shareholders will be available to shareholders on our website no later than three months after the meeting. The minutes are adopted by the Chairman and the secretary of the meeting. Also, the voting results will be published via a Current Report on Form 8-K that will be filed with the SEC no later than four business days after the general meeting, which Current Report will be available on the Company's website.

Best practice provision 4.2.2

The Company does have a general policy with regard to bilateral contacts with shareholders pursuant to New York Stock Exchange Rule 17 CFR Part 243 Regulation FD (Fair Disclosure). The Company has posted on its website (see http://www.franksinternational.com), the Company's Code of Business Conduct and Ethics.

Best practice provision 4.3.2

Proxies for the annual General Meeting of Shareholders can be given to a person who may not be an independent third party, as recommended by the Dutch Civil Code, but the person, however, will vote on these powers as directed by the shareholders.

Best practice provision 4.3.3

Pursuant to statutory obligations, currently the general meeting may pass a resolution to cancel the binding nature of a nomination for the appointment of a Supervisory Board member with a majority of no less than two-thirds of the votes cast, representing over one-half of the issued capital. We believe the continuity of the Company is better served by applying the above provision, which is in line with Dutch corporate law.

How the Company applies the certain specific principles and best practice provisions of the Dutch Civil Code

Conflicts of Interest (Best practice provision 2.7)

The Company's Code of Business Conduct and Ethics ("Company's Code of BCE") provides basic principles and guidelines to assist supervisory directors, officers and employees in complying with the legal and ethical requirements governing the Company's business conduct. The current text of the Corporate Code of Business Conduct and Ethics is available on the Company's public website at *http://franksinternational.com*.

As stated in article 17 paragraph 7 and article 26 paragraph 7 of our articles of association, a managing director or a supervisory director shall not participate in the deliberations and the decision making process if he has a direct or indirect personal interest which is in conflict with the interests of the Company and its affiliated business. Furthermore, if as a result of a direct or indirect personal interest of the managing director no resolution of the Board of Managing Directors can be adopted, the resolution shall be adopted by the board of supervisory directors. If as a result of a direct or indirect personal interest of a supervisory director(s) no resolution of the board of supervisory directors can be adopted, the resolution shall be adopted by the general meeting.

Pursuant to the Company's Code of BCE, an actual or potential conflict of interest involving a supervisory director, officer or employee, or a member of such person's family, must be reported by the affected person in accordance with section 7 of the Code of BCE and the Conflicts of Interest Policy. The most direct reporting option is the immediate supervisor, or a more senior manager of the business unit. The possible conflict of interest will be made a matter of record, and the Supervisory Board will determine whether the possible conflict of interest indeed constitutes a conflict of interest. The Supervisory Board's approval will be required prior to the consummation of any proposed transaction or arrangement that is determined by the Supervisory Board to constitute a conflict of interest.

In accordance with best principles 2.7.3, 2.7.4 and 2.7.5 of the Dutch Civil Code, the Company discloses transactions, if any, in which there are conflicts of interest with management or supervisory board members and transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company under section: Transactions with Related Parties.

Annual Performance Evaluation of the Supervisory Board and its Committees (Best practice provisions 2.2.6 - 2.2.8)

The Company's Corporate Governance Guidelines are adopted by the Supervisory Board in accordance with the corporate governance rules of the NYSE. The current text of the Corporate Governance Guidelines is available on the Company's public website at *http://franksinternational.com*.

The General Counsel, outside legal counsel or a consultant will lead the Supervisory Board in its annual performance review. As part of this process, the General Counsel, outside legal counsel or a consultant, as applicable, will receive comments from all supervisory directors and report to the full Supervisory Board with an assessment of the Supervisory Board's performance.

Furthermore, the General Counsel, outside legal counsel or a consultant will lead the Supervisory Board in the annual performance review of the Supervisory Board's committees. As part of this process, the General Counsel, outside legal counsel or a consultant, as applicable, will request that the Chairman of each committee report to the full Supervisory Board about the committee's annual evaluation of its performance and evaluation of its charter.

The Supervisory Board's committees may, as required, conduct an annual self-evaluation to determine whether the committees are functioning effectively. The self-evaluation process is overseen by the Supervisory Board. As part of this process, the Chairman of each committee will receive comments in response to a distributed questionnaire from all of the committee members and will determine whether the applicable committee or the Supervisory Board should discuss the findings.

The General Counsel, outside legal counsel or a consultant will lead the Supervisory Board in the annual performance review of the Company's management, including its Chief Executive Officer. The Supervisory Board will meet periodically on succession planning. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Objectives of the Compensation Program (Best practice provision 3.4.1)

The Company is focused on establishing an executive compensation program that is intended to attract, motivate, and retain key executives and to reward executives for creating and increasing the value of the Company. These objectives are taken into consideration when creating the Company's compensation arrangements, when setting each element of compensation under those programs, and when determining the proper mix of the various compensation elements for each of the Executive Officers. We annually reevaluate whether our compensation programs and the levels of pay awarded under each element of compensation achieve these objectives.

The main components of our executive compensation program for 2020 consisted of the following items, which are described in greater detail in the sections below:

- base salary;
- annual cash incentive awards;
- equity-based long-term incentive compensation (comprised of both time-based vesting equity awards and performance-based equity awards); and
- severance benefits for certain terminations of employment.

Information on the compensation paid to each member of the Board of Managing Directors and Board of Supervisory Directors can be found in Note 11 to the Company Financial Statements.

Base Salary

Each Executive Officer's base salary is a fixed component of compensation for each year for performing specific job responsibilities. It represents the minimum income an Executive Officer may receive in any year. Base salaries are generally reviewed by the Compensation Committee on an annual basis for each Executive Officer based on market and peer group data, the Company's performance, cost-of-living adjustments, and the individual's performance, experience, and responsibilities. Base salaries are also re-evaluated at the time of any promotion or significant change in job responsibilities. Effective as of July 1, 2020, due to the COVID-19 outbreak and the resulting reduction in oil sector activity, the Compensation Committee reduced the base salary of each of our Executive Officers by 10%, as a temporary measure.

Annual Cash Incentives

Our annual incentive program in 2020 was designed to provide management, including our Executive Officers, with an annual incentive opportunity that was tied to certain metrics measuring the Company's performance (including an emphasis on the importance of safety in measuring such performance) while remaining competitive with our peers.

The annual incentive program is a short-term cash incentive program, which has a one-year performance period and is intended to reward management, including executives for Company and individual performance. In 2020, the Compensation Committee continued to evaluate and oversee the annual incentive program for our Executive Officers. Based on this evaluation and similar to the annual incentive program for 2019, the annual incentive program for 2020 provided for a target incentive opportunity expressed as a percentage of each executive officer's salary, estimated for purposes of the table below based on the annual rate of base salary in effect following any salary changes that were implemented in 2020, as follows:

(1) Adjusted EBITDA (weighted 40%);
(2) Free Cash Flow ("FCF") goals (weighted 25%);
(3) Safety goals ("Total Recordable Incident Rate" or "TRIR") (weighted 10%); and
(4) Individual Objectives (weighted 25%).

These metrics were approved to ensure that our goals and targets continue to ultimately reflect our true performance.

The following table illustrates the potential payout levels for 2020.

Metric	Weighting	Minimum (50%)	Target (80%)	100% Payout (100%)	Maximum (200%)
Adjusted EBITDA	40%	$76.5M	$106.5M	$116.5M	$166.5M
FCF	25%	$30.0M	$45.0M	$55.0M	$70.0M
Safety (TRIR)	10%	0.71	0.63	0.57	0.43
Individual Objectives	25%	*	*	*	*

* Achievement of Individual Objectives is determined with respect to specific measurable individual objectives.

Adjusted EBITDA is defined as U.S. GAAP net income (loss) before interest income, net, depreciation and amortization, income tax benefit or expense, asset impairments, gain or loss on disposal of assets, foreign currency gain or loss, equity-based compensation, unrealized and realized gain or loss, the effects of the TRA, other non-cash adjustments and other charges or credits. "Free Cash Flow" or "FCF" is defined by the Company as net cash provided by (used in) operating activities less purchases of property, plant and equipment and intangibles.

If the Company achieved the target performance metrics for 2020, the cash incentive awards for the Executive Officers were expected to be paid at 80% of target levels, with no payout unless a threshold performance level of the target metrics was achieved. In order to create additional incentive for exceptional Company performance based on the metrics described above, annual incentive awards for 2020 for our Executive Officers could be paid at up to two times the target payout if maximum performance metrics were met, but it is not expected that payment at this level will occur in most years.

Due to the COVID-19 outbreak and the resulting reduction in oil sector activity, the Compensation Committee determined in May, 2020 that achievement of threshold performance levels by the Company was extremely unlikely. In order to provide management with incentive to achieve critical business objectives in the extremely difficult economic environment during

2020, balanced against the need to conserve Company resources, the Compensation Committee determined that it was appropriate to modify the target annual cash incentives during 2020. The revised target incentive opportunity was dependent on the Company's achievement of two corporate-wide quantitative and formulaic performance goals, with each metric being weighted as set forth below in determining the potential payout for each Executive Officer. Further, the total target incentive opportunity for each executive officer was reduced by 50%, and the maximum opportunity reduced to 150% of the reduced levels so that no payout could exceed 75% of the original 2020 annual incentive opportunity.

(1) Free Cash Flow ("FCF")* goals (weighted 35%);
(2) Safety goals (TRIR) (weighted 15%); and
(3) Forfeited Portion (weighted 50%).

These metrics were approved to ensure that our goals and targets continue to ultimately reflect our true performance. The following table illustrates the potential payout levels for 2020.

Metric	Weighting	Minimum (50%)	Target (80%)	100% Payout (100%)	Maximum (150%)
FCF	35%	>$0M	$10M	$20M	$30M
Safety (TRIR)	15%	0.71	0.64	0.57	0.44
Forfeited Portion	50%	NA	NA	NA	NA

For 2020, the target award for each of these board members was set at a percentage of the annual rate of base salary in effect at the end of 2020, as follows:

Name	Target Annual Incentive Award (% of Annual Base Salary)	Target Annual Incentive Award ($)	Temporary Reduced Salary ($)
Michael C. Kearney	100%	750,000	675,000
Melissa Cougle	100%	360,000	324,000
Steven Russell	100%	375,000	337,500
John Symington	75%	281,250	337,500

For performance achievement between threshold, target, and maximum levels, payouts are interpolated on a sliding scale between levels. The actual results we attained with respect to the performance metrics established for 2020 yielded a 49.8% payout. This was based on actual results as described in the table below.

Goal	Weighting	Actual	Weighted Achievement (%)
FCF, $M	35%	**$11.2M**	**27.3%**
Safety, TRIR	15%	**0.44**	**22.5%**
Forfeited Portion	50%	**NA**	**—%**
Total Payout %			**49.8%**

Furthermore, annual incentive opportunities are based on salary actually paid during the year, and accordingly the target incentives were reduced to account for the temporary reduction in the base salaries during 2020. No additional adjustments were made to any of our employee director's individual annual incentive payments for 2020.

Long-Term Incentives

Long-Term Incentive Plan (the "LTIP")

To create additional incentives for the executive officers to continue to grow value for the Company, the Company established the Frank's International N.V. Long-Term Incentive Plan. The LTIP was adopted by the Company's Board and approved by stockholders prior to the completion of our initial public offering. We believe a formal long-term equity-based incentive program is important and consistent with the compensation programs of the companies in our peer group. We also believe that long-term equity-based incentive compensation is an important component of our overall compensation program because it:

- balances short and long-term objectives;
- aligns our executives' interests with the long-term interests of our stockholders;
- rewards long-term performance relative to industry peers;
- makes our compensation program competitive from a total remuneration standpoint;
- encourages executive retention; and
- gives executives the opportunity to share in our long-term value creation.

Our Compensation Committee has the authority under the LTIP to award incentive equity compensation to our executive officers in such amounts and on such terms as the committee determines appropriate in its sole discretion. To date, our long-term equity-based incentive compensation has consisted of grants of restricted stock unit ("RSU") awards; however, our Compensation Committee may determine in the future that different and/or additional award types are appropriate. An RSU is a notional share of the Company's common stock that entitles the grantee to receive a share of common stock upon the vesting of the RSU. We believe RSUs effectively align our executive officers with the interests of our stockholders on a long-term basis and have retentive attributes.

Generally 50% of the annual RSU awards granted are provided in the form of performance-based RSUs ("PRSUs"), while the remaining 50% of annual RSUs are provided in the form of time-based RSUs. The annual time-based RSUs provide for ratable vesting over a period of three years. The PRSUs vest at the end of a three-year performance period, subject to both the awardholder's continuous employment and the Company's total shareholder return ("TSR") performance as compared to the TSR performance of its peer group, with payout determined as follows: (1) performance at the end of the three-year performance period is measured by calculating TSR performance separately with respect to three separate one-year achievement periods included in the three year performance period, resulting in an weighted average payout at the end of the three-year performance period; (2) the Company's relative TSR is measured against the companies listed in the SPDR S&P Oil & Gas Equipment and Services ETF, a fund whose investments are based on an index derived from the oil and gas equipment and services segment of a U.S. total market composite index; and (3) in determining payout amounts, the TSR relative percentile rank and the resulting payout percentages include the following levels:

Level	TSR Percentile Rank vs. Peer Group	Payout Percentage
Maximum	90th Percentile and above	200% of Target Level
Target	75th percentile	150% of Target Level
Target	50th percentile	100% of Target Level
Threshold	25th percentile	50% of Target Level
	Below 25th percentile	0%

Because there is expected consolidation in the industry, the relied-upon index is both a relevant comparison of industry performance and a stable comparator set. The one-year achievement periods were intended to smooth out cyclicality in our industry.

New-Hire Awards

In addition to the RSUs and PRSUs described above, our new Executive Officers have typically received one-time grants of time-based RSUs in connection with their appointments as executive officers of the Company. No new hire awards were made to any Executive Officer in 2020.

Severance Benefits

Other than Mr. Kearney, who is party to an Offer Letter providing for certain equity award treatment upon certain qualifying terminations of employment, none of our employee directors are a party to an individual employment agreement providing for severance upon a termination of employment. However, in 2015, the Supervisory Board approved and adopted the CIC Severance Plan providing severance payments in a "double-trigger" situation, and in 2019 the Supervisory Board approved and adopted the Executive Retention and Severance Plan, providing severance benefits in the case of a qualifying termination. The Executive Officers' participation in the CIC Severance Plan and the Executive Retention and Severance Plan supersedes any individual severance rights previously applicable under the historical individual arrangements described above, except with respect to treatment of Mr. Kearney's outstanding equity awards upon certain qualifying terminations of employment, which continue to be governed by the provisions of his Offer Letter.

CIC Severance Plan

Under the CIC Severance Plan, the Executive Officers who are participants in the plan are entitled to receive a cash severance equal to two times the sum of the executive's annual base salary and target incentive opportunity for the year of termination, as well as certain other severance benefits (including accelerated vesting of outstanding equity awards), upon a qualifying termination, upon a qualifying termination, which is defined as an involuntary termination within the 24-month period following a change in control. All of our Executive Officers were participants in this plan in 2020. When Mr. Kearney became a participant in this plan in 2019, he forfeited any right to cash severance benefits in connection with a change in control under the terms of his Offer Letter. In March of 2021, our Board of Directors approved an amendment to the CIC Severance Plan to clarify that any accelerated vesting of outstanding performance-based equity-based awards that may be required pursuant to the terms of the plan upon a qualifying termination of employment in connection with a change in control will be determined based on the greater of (i) actual performance through the date of termination of employment, or (ii) the 100% target payout level under the applicable awards (as amended, the "Amended CIC Severance Plan"). There are no single-trigger change-of-control payments provided under this plan, nor do we provide any 280G parachute payment tax gross-ups. However, we believe that competitive double-trigger payments provide financial protection to employees following an involuntary loss of employment in connection with a change in control. We believe that these types of benefits enable our executives to focus on important business decisions in the event of any future acquisition of our business, without regard to how the transaction may affect them personally. We believe that this structure provides executives with an appropriate incentive to cooperate in completing a change in control transaction if such transaction is in the best interest of the Company and its shareholders. Participation in the CIC Severance Plan is contingent upon the executive entering into a participation agreement in which the executive agrees to certain restrictive covenants during and following employment with the Company.

Executive Retention and Severance Plan

Under the Executive Retention and Severance Plan, the Executive Officers who are participants in the plan are entitled to receive severance in the amount of one times annual base salary, plus limited payments and reimbursements to cover outplacement assistance and health plan coverage, upon a qualifying termination of employment, which is defined as a termination by the Company without cause, or resignation by the executive for good reason. In order to prevent payment of benefits under both the CIC Severance Plan and the Executive Retention and Severance Plan, a termination in connection with a change in control entitling the executive to payment under the CIC Severance Plan cannot be a qualifying termination under the Executive Retention and Severance Plan. All of our Executive Officers were participants in this plan in 2020.

Mr. Kearney's Offer Letter

Although Mr. Kearney's Offer Letter provides for certain limited severance benefits upon a qualifying termination of employment, in 2019 Mr. Kearney became a participant in the CIC Severance Plan and the Executive Retention and Severance Plan, and as a consequence is no longer entitled to any severance benefits under the terms of his Offer Letter, except with respect to the treatment of his outstanding equity awards upon certain qualifying terminations of employment, which continue to be governed by the terms of his Offer Letter. To bring further consistency in the treatment of executive officers' outstanding equity awards upon a qualifying termination following a change in control, Mr. Kearney's Offer Letter was amended in 2021 to provide for accelerated vesting of outstanding equity awards upon certain qualifying terminations of employment, with any such awards that are subject to performance criteria being determined based on actual performance through the date of termination (or in the event of a qualifying termination within 24 months following a change in control, based on the 100% target payout level, if greater), subject to the satisfaction of certain restrictive covenant obligations.

Other Arrangements

In addition, the Executive Officers may become entitled to continued or accelerated vesting under the terms of certain outstanding RSU awards upon qualifying terminations of employment (subject to certain restrictive covenant obligations). In March of 2021, the Compensation Committee approved an amendment to all outstanding PRSUs to align the provisions of these awards with the terms of the Amended CIC Severance Plan, as described above.

Perquisites and Other Compensation Elements

The Company offers participation in broad-based retirement, health, and welfare plans to all employees. The Company currently maintains a plan intended to provide benefits under section 401(k) of the Code where employees are allowed to contribute portions of their base compensation into a retirement account (the "401(k) Plan"). At the beginning of 2020, the Company's matching contribution rate was 100% of the first 3% of eligible compensation deferred by an employee and 50% on any employee contributions between 4% and 6% of eligible compensation, up to the annual allowable U.S. Internal Revenue Service limits. The 401(k) Plan is designed to encourage all employees, including the participating Executive Officers, to save for the future. In May 2020, the Company suspended its matching contribution under the 401(k) Plan.

Effective as of May 21, 2020, due to the COVID-19 outbreak and the resulting reduction in oil sector activity, the Compensation Committee eliminated the Company's matching contribution under the 401(k) Plan as a temporary measure. The Compensation Committee determined that the temporary elimination of the Company's matching contributions under the 401(k) Plan would remain in effect until such time as market conditions warranted a restoration of Company matching contributions.

In 2020, we did not provide any perquisites for any of our Executive Officers.

Director Compensation

The Company's Supervisory Board believes that attracting and retaining qualified non-employee directors is critical to the Company's future value, growth, and governance. The Supervisory Board also believes that the compensation package for the Company's non-employee directors should require a portion of the total compensation to be equity-based to align the interests of these directors with the Company's stockholders. The Company, along with Meridian Consultants, LLC, has determined that the compensation program applicable to the non-employee directors should be comparable with the packages identified at the Company's peer group. Based on this decision, the director compensation program for 2020 consisted of an annual retainer compensation package for the non-employee directors valued at approximately $200,000, of which $50,000 is paid in the form of an annual cash retainer, and the remaining $150,000 is paid in a grant of restricted stock units under the LTIP. In addition, for 2020, the Company paid (i) the Audit Committee Chairman and each other Audit Committee member an annual amount of $20,000 and $10,000, respectively; (ii) the Lead Supervisory Director an annual amount of $20,000; (iii) the non-executive Chairman (if applicable) an annual retainer valued at approximately $120,000, of which $80,000 is to be paid in the form of an annual cash retainer, and the remaining $40,000 is to be paid in a grant of restricted stock units under the LTIP; (iv) the Compensation Committee Chairman and each other Compensation Committee member an annual amount of $15,000 and $7,500, respectively; and (v) the Nominating and Governance Committee Chairman an annual amount of $10,000. We granted the 2020 RSU awards to our directors in June 2020. We did not have a non-executive Chairman in 2020 and as such, no additional compensation was paid for this position.

In February 2018, we amended the LTIP to include annual grant limitations for all non-employee director members of the Supervisory Board. This amendment imposes maximum limits on the aggregate grant date value of equity-based awards that may be granted to each non-employee director in any calendar year under the LTIP to $1,000,000. Such an amendment to the LTIP did not require shareholder approval and thus became effective immediately upon adoption.

Stock Ownership Guidelines

Our Executive Officers are subject to stock ownership guidelines that were established by our Supervisory Board. These guidelines reinforce the importance of aligning the interests of our executive officers with the interests of our stockholders. The guidelines are expressed in terms of the value of our executive officers' equity holdings as a multiple of each currently employed executive officer's base salary, as follows:

Officer Level	Ownership Guideline
President/Chief Executive Officer	5x annualized base salary
Direct Reports to the CEO	3x annualized base salary
All other executive officers	2x annualized base salary

These stock ownership levels must be achieved by each individual within 5 years of the later of the date that the stock ownership guidelines became effective in 2015 or the date that the individual was first appointed as an executive officer or Direct Report to the CEO on the executive leadership team (with such 5-year period resetting upon an officer's promotion to a higher ownership guideline multiple). Messrs. Russell and Symington, and Ms. Cougle, all served as Direct Reports to the CEO during 2020. All of our employee directors are currently in compliance with or are on track to be in compliance with the applicable requirements of our stock ownership guidelines.

Equity interests that count toward the satisfaction of the ownership guidelines include stock owned outright by the employee or jointly owned, stock owned indirectly by the employee (*e.g.*, by a spouse or in a trust for the benefit of the executive or his family), stock held under the officer's account under any company-sponsored retirement plan or under the

Company's employee stock purchase plan, unvested RSUs or restricted stock held by the officer, any non-restricted shares granted to the officer pursuant to the LTIP, and any stock purchased by the officer in the open market. During the five-year grace period for compliance, an individual may not sell any shares of common stock, except for personally-held shares, until that individual's stock ownership level has been achieved. To the extent shares of common stock have been sold from vested RSUs granted by the Company, the equivalent amount of personally-held shares of common stock may not be sold unless the individual has satisfied their applicable ownership level. Pursuant to our Stock Ownership Guidelines, ownership is calculated based on an individual's annual base salary and the average closing price of a share of the Company's common stock over the previous calendar year.

Additionally, we have stock ownership guidelines for our non-employee directors, requiring a minimum holding of 5x the annualized cash retainer.

CEO Pay Ratio Disclosures

As required by the Dutch Corporate Governance Code, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Michael C. Kearney, our current CEO.

For 2020, our last completed fiscal year:

- The median of the annual total compensation of all employees of our company (other than the CEO) was $44,750; and
- The annual total compensation of our CEO, using annualized 2020 compensation data, was $3,973,463.
- Based on this information, for 2020 the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees was reasonably estimated to be 88.79 to 1.

Diversity Policy Supervisory and Management Board

The importance of diversity is recognized by the Company. The Company's diversity policy is part of its Corporate Governance Guidelines and Nominating and Governance Committee Charter, which are under continuous consideration and review by the Nominating and Governance Committee and the Supervisory Board. The most recent changes have been made during 2019. The Company's diversity policy is maintained in compliance with the requirements of the Dutch Corporate Governance Code, which is applicable to the Company. The Company strives to give appropriate weight to the diversity policy in the selection and appointment process, while taking into account the overall profile and selection criteria for the appointment of suitable candidates.

The Corporate Governance Guidelines confirm that an important component of the Supervisory Board and the Management Board is diversity. In addition, the Supervisory Board acknowledges that under Dutch law, as in force until January 1, 2020 and as will be reinstalled once the new relevant legislative proposal has been adopted, the Company should as much as possible take into account a balanced gender representation when making nominations for appointment and drawing up profiles, and that such balanced memberships of a board exists if at least 30% of the members are men and if at least 30% of the members are women. The Company has established through the Nominating and Governance Committee selection criteria that identify desirable skills and experience for prospective Supervisory Board and Management Board members. In considering diversity of both boards, the Nominating and Governance Committee will take into account various factors and perspectives, including differences of viewpoint, professional experience, education, skill and other individual qualities, such as gender, race, ethnicity and age, and the variety of attributes that contribute to the relevant board's collective strength.

The Nominating and Governance Committee Charter states that the Nominating and Governance Committee will actively seek individuals qualified to become members of the Supervisory Board and Management Board for recommendation to the Supervisory Board. An important component of each board is diversity including not only background, skills, experience and expertise, but also gender, race and culture. In identifying the most qualified individuals as candidates for a board membership, the Committee will also seek to attain diversity in the composition of the Supervisory Board and the Management Board. Any search firms retained to assist the Committee will be specifically advised to seek to include qualified, diverse candidates from traditional and nontraditional environments, including women and minorities.

The Management Board and the Supervisory Board have improved their diversity, and the Management Board has achieved the gender diversity target since Melissa Cougle was appointed to the Management Board at the annual general meeting in 2020. As a consequence, the Management Board of the Company consists of two male members and one female member, and therefore is deemed to have a balanced gender representation within the meaning of Dutch law. However, the Company has not yet achieved all of the targets of its diversity policy. The Company believes that the current composition of the Supervisory Board and Management Board, taking into account the knowledge and experience of the current members, is in the best interest of the Company and its businesses. In the future, however, we will continue to pursue a more diverse composition for the boards, although it is not possible to predict when we will be able to fully achieve all targets. It is expected that new legislation will be implemented during 2021, which will introduce mandatory rules to arrive at a balanced composition. The draft legislation includes the obligation for large companies, as meant in 2:397 of the Dutch Civil Code (such as the Company), to set a target that is both suiting and ambitious in respect of the gender representation within both the Management Board and the Supervisory Board. The Company will closely monitor the developments.

Risk Oversight and Internal Controls

The Supervisory Board is actively involved in oversight of risks that could affect the Company. This oversight function is conducted primarily through the Audit Committee, but the full Supervisory Board retains responsibility for general oversight of risks. The Audit Committee is charged with oversight of the Company's system of internal controls and risks relating to financial reporting, legal, regulatory and accounting compliance. The Company's Supervisory Board will continue to satisfy its oversight responsibility through full reports from the Audit Committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks.

In addition, the Company has internal audit systems in place to monitor adherence to policies and procedures, which are supported by an internal audit function. The internal audit function provides an independent evaluation of processes throughout the Company as well as to third parties performing services delegated to them by the Company. The internal audit function ascertains whether the operational, financial and compliance control processes are adequately designed and operating effectively. The internal audit plan and control framework was developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Audit Committee, as well as the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations. The internal audit plan is adjusted as necessary in response to changes in the Company's business, risks, operations, programs, systems, and controls. The internal audit function provides executive management and the Audit Committee with unbiased evaluations and comments.

Disclosure Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, 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 Exchange Act) as of the end of the period covered by our 2020 Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure, and such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation of the U.S. GAAP financials, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2020 at the reasonable assurance level.

Management's Report Regarding Internal Control over Financial Reporting

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, 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. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway

Commission in 2013. Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

The Company makes use of the option included in the notes to the Dutch corporate governance code best practice II.1.5 to use the SOX 404/302 statements for the Dutch internal control over financial reporting and in control statements. The controls over financial reporting are designed to satisfy the SEC reporting requirements. The controls do not extend to the Dutch Statutory Report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Responsibility Statement

The Management Board is responsible for the preparation of the Annual Accounts and the Annual Report of FINV for the year ended December 31, 2020 in accordance with generally accepted accounting principles in the Netherlands. In accordance with Dutch law, the Annual Accounts must be signed by all members of the Management Board and Supervisory Board. If one or more of their signatures is missing, this shall be stated, and the reasons given for this. The Management Board confirms that to the best of its knowledge:

- The Consolidated Financial Statements, together with the stand-alone FINV Financial Statements, give a true and fair view of the assets, liabilities, financial position and results of FINV at December 31, 2020;

- The Annual Report gives a true and fair view of the position as per the balance sheet date, the state of affairs during the 2020 financial year of FINV and its affiliated companies included in the consolidated financial statements; and

- The Annual Report describes the principal risks that FINV faces. Based on the current state of affairs, the Management Board states that it is justified that the financial reporting is prepared on a going concern basis and those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report have been included in the Management Report.

Corporate Responsibility

We take our responsibilities to be a good corporate citizen seriously. We describe many of the policies we have adopted on our website under the "Corporate Governance" section under Investor Relations. Some examples of such policies include (1) Financial Code of Ethics, (2) Corporate Code of Business Conduct and Ethics and (3) Whistleblower Policy.

Risk Factors

Our forward-looking statements are based on assumptions that we believe to be reasonable but that may not prove to be accurate. All of our forward-looking information is, therefore, subject to risks and uncertainties that could cause actual results to differ materially from the results expected.

Risk Factors Related to Our Business

The factors described below represent the Company's principal risks. The Company's risk tolerance varies between low to high depending on the type of risk. You should carefully consider the risks described below together with the risks under the heading "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities Exchange Commission on March 1, 2021. Each of these risk factors could adversely affect the Company's business, financial condition and future results. These risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

The Company has internal audit systems in place to review adherence to policies and procedures as well as an independent evaluation of processes throughout the Company. The internal audit function ascertains whether the operational, financial and compliance control processes are adequately designed and operating effectively through an internal audit plan and control framework.

High Risk:

Our business depends on the level of activity in the oil and gas industry, which is significantly affected by oil and gas prices and other factors.

Our business depends on the level of activity in oil and gas exploration, development and production in market sectors worldwide. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, higher commodity prices do not necessarily translate into increased drilling or well construction and completion activity, since customers' expectations of future commodity prices typically drive demand for our services and products. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect the demand for our services and products. Worldwide military, political and economic events have in the past contributed to oil and gas price volatility and continue to do so at present. Average daily prices for New York Mercantile Exchange West Texas Intermediate ranged from a high of approximately $63/Bbl in January 2020 to a low of negative $37/Bbl in April 2020. This significant decline in crude oil prices has largely been attributable to the global outbreak of COVID-19, which has reduced demand for oil and natural gas because of significantly reduced global and national economic activity. Additionally, in March 2020, Saudi Arabia and Russia failed to agree on a plan to cut production of oil and gas within OPEC and Russia. Subsequently, Saudi Arabia announced plans to increase production to record levels and reduce the prices at which they sold oil. Saudi Arabia and Russia subsequently announced production cuts, but even with such cuts oil prices could remain at current levels, or decline further, for an extended period of time. We cannot predict whether or when oil production and economic activities will return to normalized levels. If current levels are sustained or decline further, certain of our customers may be unable to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced activity in our areas of operation as a result of decreased capital spending could have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices.

The demand for our services and products may also be generally affected by numerous factors, including:

- the level of worldwide oil and gas exploration and production;
- the cost of exploring for, producing and delivering oil and gas;
- demand for energy, which is affected by worldwide economic activity and population growth;
- the level of excess production capacity;
- the discovery rate of new oil and gas reserves;
- the ability of OPEC to set and maintain production levels for oil;
- the level of production by non-OPEC countries;
- global or national health concerns, including health epidemics such as the outbreak of COVID-19 at the beginning of 2020;
- the location of oil and gas drilling and production activity, including the relative amounts of activity onshore and offshore;
- the technical specifications of wells including depth of wells and complexity of well design;
- U.S. and global political and economic uncertainty or inactivity, socio-political unrest and instability or hostilities;
- demand for, availability of and technological viability of, alternative sources of energy; and
- technological advances affecting energy exploration, production, transportation and consumption.

Demand for our offshore services and products substantially depends on the level of activity in offshore oil and gas exploration, development and production. The level of offshore activity is historically cyclical and characterized by large fluctuations in response to relatively minor changes in a variety of factors, including oil and gas prices, which could have a material adverse effect on our business, financial condition and results of operations.

A significant amount of our U.S. onshore business is focused on unconventional shale resource plays. The demand for those services and products is substantially affected by oil and gas prices and market expectations of potential changes in these prices. If commodity prices remain depressed, demand for our services and products in the U.S. onshore market could be reduced, which could have a material adverse effect on our business, financial condition and results of operations. Any actual or anticipated reduction in oil or gas prices may reduce the level of exploration, drilling and production activities. Prolonged low oil prices have resulted in softer demand for our products and services and if prices remain at current levels, demand could be further reduced. Additionally, we have reduced pricing in some of our customer contracts in light of the volatility of the oil and gas market.

Furthermore, the oil and gas industry has historically experienced periodic downturns, which have been characterized by reduced demand for oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry has adversely affected the demand for oilfield services and our business, financial condition and results of operations since late 2014. In the first and second quarters of 2020, demand further decreased due to the COVID-19 outbreak and increased oil production out of Saudi Arabia and Russia. With the continued downturn, demand for our products and services has not returned to the levels experienced prior to late 2014. We cannot be assured that there will be a significant recovery in the demand for our products and services to equal or approach levels experienced prior to the downturn.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset the risk including decreasing our workforce, lowering our planned capital spending, implementing cost reduction efforts and developing initiatives to prioritize various corporate functions.

Our operations may be adversely affected by various laws and regulations in countries in which we operate relating to the equipment and operation of drilling units, oil and gas exploration and development, as well as import and export activities.

Governments in some foreign countries have been increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain tubular and well construction services. We operate in several of these countries, including Angola, Nigeria, Ghana, Equatorial Guinea, Indonesia, Malaysia, Brazil and Canada. Many governments favor or effectively require that contracts be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may result in inefficiencies or put us at a disadvantage when we bid for contracts against local competitors.

In addition, the shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. Moreover, many countries control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. We are also subject to the U.S. anti-boycott law, and although no violation occurred, we made an International Boycott Report on Form 5713 during the year ended December 31, 2019. In addition, certain anti-dumping regulations in the U.S. and other countries in which we operate may prohibit us from purchasing pipe from certain suppliers. The U.S. and other countries also from time to time may impose special punitive tariff regimes targeting goods from certain countries. For example, on March 8, 2018, under Section 232 of the Trade Expansion Act of 1962, the U.S. imposed a 25% tariff on steel articles imported from all countries. However, imports of steel tubes from Australia, Argentina, Brazil and South Korea were exempted from the 25% tariff; the latter three with specific quotas per product.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. An economic downturn may increase some foreign governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Materials that we import can be delayed and denied for varying reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime. Any failure to comply with these applicable legal and regulatory obligations also could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import and export privileges.

In July 2016, voters in the United Kingdom passed a referendum requiring the country to leave the European Union ("EU"), and in March 2017 the United Kingdom provided notification of its intent to leave the EU. On January 31, 2020, the United Kingdom formally left the EU, and the United Kingdom and the EU have agreed upon a transition period through December 31, 2020, in order to negotiate a new trade agreement. Our offices in Aberdeen function as a regional hub for warehousing, servicing and repair of equipment. The departure of the United Kingdom from the European Union could impact trade, and shipping both between the United Kingdom and Europe, and generally to all destinations. Disruption or delay of shipping and customs clearance in the United Kingdom could adversely impact our ability to meet our obligations under customer contracts and to accept new work.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including maintaining an in-house legal department and also using outside counsel for specific matters. We also have a Quality, Health, Safety, and Environmental department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly.

Events outside of our control, including a pandemic, epidemic or outbreak of an infectious disease, such as the global outbreak of COVID-19, have materially adversely affected, and may further materially adversely affect, our business.

We face risks related to pandemics, epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition. For example, the global outbreak of COVID-19 has reduced demand for oil and natural gas because of significantly reduced global and national economic activity. In addition, the impact of COVID-19 or other public health events may adversely affect our operations or the health of our workforce and the workforces of our customers and service providers by rendering employees or contractors unable to work or unable to access our and their facilities for an indefinite period of time. On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency, and several states, including Texas and Louisiana, and municipalities declared public health emergencies. Along with these declarations, there have been extraordinary and wide-ranging actions taken by international, federal, state and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions across the United States and the world, including mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. To the extent COVID-19 continues or worsens, including potential seasonal increases, governments may impose additional similar restrictions.

In addition, the technology required for the corresponding transition to remote work increases our vulnerability to cybersecurity threats, including threats to gain unauthorized access to sensitive information or to render data or systems unusable, the impact of which may have material adverse effects on our business and operations. See "—Our business could be negatively affected by cybersecurity threats and other disruptions."

While the introduction of COVID-19 vaccines has led to improvements economic activity and an easing of travel restrictions in certain jurisdictions, the future potential impact from COVID-19 is difficult to predict. Any potential impact will depend on future developments and new information that may emerge regarding the effectiveness of the vaccines, acceptance of the vaccines by the general population, seasonal variation of COVID-19, and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our operating results.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including the establishment of a special senior management task force to monitor developments relating to the pandemic and recommend appropriate actions, as well as contingent operational plans to ensure we continue to service our customers while acting on the current guidance of health authorities across our global network. Due to our geographical spread, we believe this provides us with some protection from the effects of the virus.

Moderate Risk:

We operate in an intensively competitive industry, and if we fail to compete effectively, our business will suffer.

Our competitors may attempt to increase their market share by reducing prices, or our customers may adopt competing technologies. The drilling industry is driven primarily by cost minimization, and our strategy is aimed at reducing drilling costs through the application of new technologies. Our competitors, many of whom have a more diverse product line and access to greater amounts of capital than we do, have the ability to compete against the cost savings generated by our technology by reducing prices and by introducing competing technologies. Our competitors may also have the ability to offer bundles of products and services to customers that we do not offer. In addition, our customer base is changing, with increased subcontracting of our services by major service companies and drilling contractors, who in some cases may view us as competitors. We have limited resources to sustain prolonged price competition and maintain the level of investment required to continue the commercialization and development of our new technologies. Any failure to continue to do so could adversely affect our business, financial condition or results of operations.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including differentiating ourselves from our competitors by providing highly engineered and specialized products with a focus on servicing customers who have complex and technically demanding wells. We believe our products and services in each segment fulfill our customer's requirements for international capability, availability of tools, range of services provided, intellectual property, technological sophistication, rigorous quality systems and availability of equipment, along with reputation and safety record. We seek to differentiate ourselves from our competitors by providing a rapid response to the needs of our customers, a high level of customer service and innovative product development initiatives.

The downturn in the oil and gas industry has negatively affected and will likely continue to affect our ability to accurately predict customer demand, causing us to potentially hold excess or obsolete inventory and experience a reduction in gross margins and financial results.

We may not be able to accurately predict what or how many products our customers will need in the future. Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. Our forecasts of customer demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our suppliers require a longer lead time to provide products than our customers demand for delivery of our finished products. If we overestimate customer demand, we may allocate resources to the purchase of material or manufactured products that we may not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results. We overestimated customer demand for our pipe and connectors inventory, and this resulted in a material impairment charge in 2017. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations. Recently, the uncertainty surrounding the duration and spread of the COVID-19 pandemic along with the market volatility due to variable oil production from Russia and Saudi Arabia have further decreased our ability to accurately estimate demand for our services and products. In particular, sporadic suspensions of activity in certain locations due to local outbreaks of COVID-19 are difficult or impossible to anticipate, and can cause interruption of revenue and delays in availability of equipment and personnel for subsequent work, interfering with our ability to plan allocation of resources over time.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including a concerted effort to maintain low stock inventory.

We face risks related to natural disasters, which could result in severe property damage or materially and adversely disrupt our operations and affect travel required for our worldwide operations.

Some of our operations involve risks of, among other things, property damage, which could curtail our operations. For example, disruptions in operations or damage to a manufacturing plant could reduce our ability to produce products and satisfy customer demand. In particular, we have offices and manufacturing facilities in Houston, Texas and Houma and Lafayette, Louisiana as well as in various places throughout the Gulf Coast region of the United States. These offices and facilities are particularly susceptible to severe tropical storms, hurricanes and flooding, which may disrupt our operations. If one or more manufacturing facilities we own are damaged by severe weather or any other disaster, accident, catastrophe or event, our operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that provide supplies or other raw materials to our plants or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to property, among other things, and repairs might take from a week or less for a minor incident to many months or more for a major interruption.

In addition, a portion of our business involves the movement of people and certain parts and supplies to or from foreign locations. Any restrictions on travel or shipments to and from foreign locations, due to the occurrence of natural disasters such as earthquakes, floods or hurricanes, in these locations, could significantly disrupt our operations and decrease our ability to provide services to our customers. If a natural disaster were to impact a location where we have a high concentration of business and resources, our local facilities and workforce could be affected by such an occurrence or outbreak which could also significantly disrupt our operations and decrease our ability to provide services and products to our customers.

Our risk tolerance is low for this specific risk. We have a Quality, Health, Safety, and Environmental Department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly. We have implemented mitigating actions to offset this risk including maintaining insurance coverage of types and amounts that we believe to be customary and reasonable for companies our size and with similar operations, and adopting crisis response policies and procedures to enable us to respond more quickly and effectively to natural disasters and pandemic disease outbreaks.

Our services and products are provided in connection with operations that are subject to potential hazards inherent in the oil and gas industry, and, as a result, we are exposed to potential liabilities that may affect our financial condition and reputation.

Our services and products are provided in connection with potentially hazardous drilling, completion and production applications in the oil and gas industry where an accident can potentially have catastrophic consequences. This is particularly true in deepwater operations. Risks inherent to these applications, such as equipment malfunctions and failures, equipment misuse and defects, explosions, blowouts and uncontrollable flows of oil, gas or well fluids and natural disasters, on land or in deepwater or shallow water environments, can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, surface water and drinking water resources, equipment, natural resources and the environment. If our services fail to meet specifications or are involved in accidents or failures, we could face warranty, contract, fines or other litigation claims, which could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and gas production, pollution and other environmental damages. Our insurance policies may not be adequate to cover all liabilities. Further, insurance may not be generally available in the future or, if available, insurance premiums may make such insurance commercially unjustifiable. Moreover, even if we are successful in defending a claim, it could be time-consuming and costly to defend.

In addition, the frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our safety record as unacceptable, which could cause us to lose customers and substantial revenue. In addition, these risks may be greater for us because we may acquire companies that have not allocated significant resources and management focus to safety and have a poor safety record requiring rehabilitative efforts during the integration process and we may incur liabilities for losses before such rehabilitation occurs.

Our risk tolerance is low for this specific risk. We have a Quality, Health, Safety, and Environmental Department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly. We have implemented mitigating actions to offset this risk including maintaining insurance coverage of types and amounts that we believe to be customary and reasonable for companies our size and with similar operations. We are also subject to a number of U.S. federal and state laws and regulations to protect the health and safety of our workers. We continually monitor our safety culture through the use of employee safety surveys and trend analysis, and we modify existing programs or develop new programs according to the data obtained. We review the total recordable incident rate and lost time incident rate on both a monthly and rolling twelve-month basis.

Our operations are subject to environmental and operational safety laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations, or otherwise relating to occupational health and safety and environmental protection. These laws and regulations may, among other things, regulate the management and disposal of hazardous and non-hazardous wastes; require acquisition of environmental permits related to our operations; restrict the types, quantities, and concentrations of various materials that can be released into the environment; limit or prohibit operational activities in certain ecologically sensitive and other protected areas; regulate specific health and safety criteria addressing worker protection; require compliance with operational and equipment standards; impose testing, reporting and record-keeping requirements; and require remedial measures to mitigate pollution from former and ongoing operations. Failure to comply with these laws and regulations or to obtain or comply with permits may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements and the imposition of injunctions to limit or prohibit certain activities or force future compliance. Certain environmental laws may impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment.

The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact the environment. The implementation of new laws and regulations could result in materially increased costs, stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, particularly for our customers.

Our risk tolerance is low for this specific risk. We have a Quality, Health, Safety, and Environmental Department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly. We also offset this risk by maintaining insurance coverage of types and amounts that we believe to be customary and reasonable for companies our size and with similar operations.

Our operations in countries outside of the United States are subject to a number of U.S. federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act, as well as trade sanctions administered by the Office of Foreign Assets Control and the Commerce Department.

We operate internationally and in some countries with high levels of perceived corruption commonly gauged according to the Transparency International Corruption Perceptions Index. We must comply with complex foreign and U.S. laws including the United States Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act 2010 and the United Nations Convention Against Corruption, which prohibit engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We do business and may in the future do additional business in countries and regions in which we may face, directly or indirectly, corrupt demands by officials, tribal or insurgent organizations, or by private entities in which corrupt offers are expected or demanded. Furthermore, many of our operations require us to use third parties to conduct business or to interact with people who are deemed to be governmental officials under the anticorruption laws. Thus, we face the risk of unauthorized payments or offers of payments or other things of value by our employees, contractors or agents. It is our policy to implement compliance procedures to prohibit these practices. However, despite those safeguards and any future improvements to them, our employees, contractors, and agents may engage in conduct for which we might be held responsible, regardless of whether such conduct occurs within or outside the United States. We may also be held responsible for any violations by an acquired company that occur prior to an acquisition, or subsequent to the acquisition but before we are able to institute our compliance procedures. In addition, our non-U.S. competitors that are not subject to the FCPA or similar anticorruption laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us. A violation of any of these laws, even if prohibited by our policies, may result in severe criminal and/or civil sanctions and other penalties, and could have a material adverse effect on our business. Actual or alleged violations could damage our reputation, be expensive to defend, and impair our ability to do business.

We are currently conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa for possible violations of the FCPA, our policies and other applicable laws, and in June 2016 we voluntarily disclosed the existence of our extensive internal review to the SEC, the U.S. Department of Justice ("DOJ") and other governmental entities. We are unable to predict the ultimate resolution of these matters before the SEC and DOJ. Adverse action by these government agencies could have a material adverse effect on our business.

Compliance with U.S. laws and regulations on trade sanctions and embargoes administered by the United States Department of the Treasury's Office of Foreign Assets Control also poses a risk to us. We cannot provide products or services to or in certain countries subject to U.S. or other international trade sanctions or to certain individuals and entities subject to sanctions. Furthermore, the laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. Any failure to comply with applicable trade-related laws and regulations, even if prohibited by our policies, could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges. It is our policy to implement procedures concerning compliance with applicable trade sanctions, export controls, and other trade-related laws and regulations. However, despite those safeguards and any future improvements to them, our employees, contractors, and agents may engage in conduct for which we might be held responsible, regardless of whether such conduct occurs within or outside the United States. We may also be held responsible for any violations by an acquired company that occur prior to an acquisition, or subsequent to the acquisition but before we are able to institute our compliance procedures.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including maintaining an in-house legal department and also using outside counsel for specific matters. We also maintain a global compliance program and regularly educate key employees on acceptable business practices through training sessions.

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

Drilling for and producing oil and gas, and the associated services that we provide, include inherent dangers that may lead to property damage, personal injury, death or the discharge of hazardous materials into the environment. Many of these events are outside our control. Typically, we provide services at a well site where our personnel and equipment are located together with personnel and equipment of our customers and third parties, such as other service providers. At many sites, we depend on other companies and personnel to conduct drilling operations in accordance with applicable environmental laws and regulations and appropriate safety standards. From time to time, personnel are injured or equipment or property is damaged or destroyed as a result of accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures, or other dangers inherent in drilling for oil and gas. Often, our services are deployed on more challenging prospects, particularly deepwater offshore drilling sites, where the occurrence of the types of events mentioned above can have an even more catastrophic impact on people, equipment and the environment. Such events may expose us to significant potential losses, which could adversely affect our business, financial condition and results of operations.

Our risk tolerance is low for this specific risk. We have a Quality, Health, Safety, and Environmental department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly. We also have instituted controls and procedures to protect our personnel. This department also monitors our compliance with our controls and procedures and recommends corrective action if gaps are identified. We continually monitor our safety culture through the use of employee safety surveys and trend analysis, and we modify existing programs or develop new programs according to the data obtained. We review the total recordable incident rate and lost time incident rate on both a monthly and rolling twelve-month basis.

We are vulnerable to risks associated with our offshore operations that could negatively impact our business, financial condition and results of operations.

We conduct offshore operations in the U.S. Gulf of Mexico and almost every significant international offshore market, including Africa, the Middle East, Latin America, Europe, the Asia Pacific region and several other producing regions. Our operations and financial results could be significantly impacted by conditions in some of these areas because we are vulnerable to certain unique risks associated with operating offshore, including those relating to:

- hurricanes, ocean currents and other adverse weather conditions;
- terrorist attacks and piracy;
- failure of offshore equipment and facilities;
- local and international political and economic conditions and policies and regulations related to offshore drilling;
- territorial disputes involving sovereignty over offshore oil and gas fields;
- unavailability of offshore drilling rigs in the markets that we operate;
- the cost of offshore exploration for, and production and transportation of, oil and gas;
- successful exploration for, and production and transportation of, oil and gas from onshore sources;
- the availability and rate of discovery of new oil and gas reserves in offshore areas;
- the availability of infrastructure to support oil and gas operations; and
- the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our business, financial condition and results of operations.

Our risk tolerance is low for this specific risk. We have a Quality, Health, Safety, and Environmental department that monitors our compliance with laws and regulations and revises our internal policies and procedures accordingly. We have instituted controls and procedures to protect our personnel. This department also monitors our compliance with our controls and procedures and recommends corrective actions if gaps are identified. We continually monitor our safety culture through the use of employee safety surveys and trend analysis, and we modify existing programs or develop new programs according to the data obtained. We review the total recordable incident rate and lost time incident rate on both a monthly and rolling twelve-month basis. Finally, we offset this risk by maintaining insurance coverage of types and amounts that we believe to be customary and reasonable for companies our size and with similar operations.

Our international operations and revenue expose us to political, economic and other uncertainties inherent to international business.

We have substantial international operations, and we intend to grow those operations further. For the years ended December 31, 2020 and 2019, international operations accounted for approximately 60% and 49%, respectively, of our revenue. Our international operations are subject to a number of risks inherent in any business operating in foreign countries, including, but not limited to, the following:

- political, social and economic instability;
- potential expropriation, seizure or nationalization of assets, and trapped assets;
- deprivation of contract rights;
- increased operating costs;

- inability to collect revenue due to shortages of convertible currency;
- unwillingness of foreign governments to make new onshore and offshore areas available for drilling;
- civil unrest and protests, strikes, acts of terrorism, war or other armed conflict;
- import/export quotas;
- confiscatory taxation or other adverse tax policies;
- continued application of foreign tax treaties;
- currency exchange controls;
- currency exchange rate fluctuations and devaluations;
- restrictions on the repatriation of funds; and
- other forms of government regulation which are beyond our control.

Instability and disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we conduct business, including economically and politically volatile areas such as Africa, the Middle East, Latin America and the Asia Pacific region, could cause or contribute to factors that could have an adverse effect on the demand for the products and services we provide. Worldwide political, economic, and military events have contributed to oil and gas price volatility and are likely to continue to do so in the future. Depending on the market prices of oil and gas, oil and gas exploration and development companies may cancel or curtail their drilling programs, thereby reducing demand for our services.

In addition, in some countries our local managers may be personally liable for the acts of the Company, and may be subject to prosecution, detention, and the assessment of monetary levies, fines or penalties, or other actions by local governments in their individual capacity. Any such actions taken against our local managers could cause disruption of our business and operations, and could cause us to incur significant costs.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our business, financial condition and results of operations.

Our risk tolerance is moderate for this specific risk. We operate in 40 countries and as political, economic and other uncertainties inherent to international business are hard to predict, we are willing to take on the additional risk because of the potential return.

To compete in our industry, we must continue to develop new technologies and products to support our operations, secure and maintain patents related to our current and new technologies and products and protect and enforce our intellectual property rights.

The markets for our services and products are characterized by continual technological developments. While we believe that the proprietary equipment we have developed provides us with technological advances in providing services to our customers, substantial improvements in the scope and quality of the equipment in the market we operate may occur over a short period of time. In addition, alternative products and services may be developed which may compete with or displace our products and services. If we are not able to develop commercially competitive products in a timely manner in response, our ability to service our customers' demands may be adversely affected. Our future ability to develop new equipment in order to support our services depends on our ability to design and produce equipment that allow us to meet the needs of our customers and third parties on an integrated basis and obtain and maintain patent protection.

We may encounter resource constraints, technical barriers, or other difficulties that would delay introduction of new services and products in the future. Our competitors may introduce new products or obtain patents before we do and achieve a competitive advantage. Additionally, the time and expense invested in product development may not result in commercial applications.

We currently hold multiple U.S. and international patents and have multiple pending patent applications for products and processes. Patent rights give the owner of a patent the right to exclude third parties from making, using, selling, and offering for sale the inventions claimed in the patents in the applicable country. Patent rights do not necessarily grant the owner of a patent the right to practice the invention claimed in a patent, but merely the right to exclude others from practicing the invention claimed in the patent. It may also be possible for a third party to design around our patents. Furthermore, patent rights have strict territorial limits. Some of our work will be conducted in international waters and would, therefore, not fall within the scope of any country's patent jurisdiction. We may not be able to enforce our patents against infringement occurring in international waters and other "non-covered" territories. Also, we do not have patents in every jurisdiction in which we conduct business and our patent portfolio will not protect all aspects of our business and may relate to obsolete or unusual methods, which would not prevent third parties from entering the same market.

We attempt to limit access to and distribution of our technology and trade secrets by customarily entering into confidentiality agreements with our employees, customers and potential customers and suppliers. However, our rights in our confidential information, trade secrets, and confidential know-how will not prevent third parties from independently developing similar information. Publicly available information (for example, information in expired issued patents, published patent applications, and scientific literature) can also be used by third parties to independently develop technology. We cannot provide assurance that this independently developed technology will not be equivalent or superior to our proprietary technology.

In addition, we may become involved in legal proceedings from time to time to protect and enforce our intellectual property rights. Third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any such legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. Any legal proceeding concerning intellectual property could be protracted and costly and is inherently unpredictable and could have a material adverse effect on our business, regardless of its outcome. Further, our intellectual property rights may not have the value that management believes them to have and such value may change over time as we and others develop new product designs and improvements.

Our risk tolerance is low for this specific risk. We have implemented mitigating actions to offset this risk including employing engineers to develop new products and technologies. We continue to invest in new product engineering capabilities. We also maintain an in-house legal department and can contract outside counsel to protect and enforce our intellectual property rights.

Low Risk

We may be unable to employ a sufficient number of skilled and qualified workers to sustain or expand our current operations.

Our operations require personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, the supply can be limited in certain jurisdictions, and the cost to attract and retain qualified personnel has increased over the past few years. In addition, we are currently a party to collective bargaining or similar agreements in certain international areas in which we operate, which could result in increases in the wage rates that we must pay to retain our employees. Furthermore, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. Finally, the COVID-19 pandemic provides an illustrative example of how a pandemic or other health crisis can impact our operations and business by affecting the health of skilled workers and rendering them unable to work or travel. These events may cause our capacity to be diminished, our ability to respond quickly to customer demands or strong market conditions may be inhibited and our growth potential could be impaired, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our risk tolerance is moderate for this specific risk. We actively work to recruit a skilled workforce, as well as retain our current employees, by offering competitive compensation. We have also instituted specific responses to the COVID-19 pandemic, including required COVID-19 training for all of our employees.

Our declaration of dividends is within the discretion of our management board, with the approval of our supervisory board, and subject to certain limitations under Dutch law, and there can be no assurance that we will pay dividends.

Our dividend policy is within the discretion of our management board, with the approval of our supervisory board, and the amount of future dividends, if any, will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. We can provide no assurance that we will pay dividends on our Common Stock. No dividends on our Common Stock will accrue in arrears. In addition, Dutch law contains certain restrictions on a company's ability to pay cash dividends, and we can provide no assurance that those restrictions will not prevent us from paying a dividend in future periods.

Our risk tolerance is moderate for this specific risk as dividends depend on various factors.

Potential Anti-Takeover Measures

The EU Takeover Directive requires that certain listed companies must publish information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Dutch law by means of a decree of April 5, 2006. Pursuant to this decree, Dutch companies whose securities have been admitted to trading on an EU regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company. The Company's shares are admitted to trading on the NYSE and not on any EU regulated markets.

According to provision 4.2.6 of the Dutch Code, we are required to provide a survey of our actual or potential anti-takeover measures, and to indicate in what circumstances it is expected that they may be used. Accordingly, we have set out below the provisions in our articles of association that in a Dutch context technically are not necessarily considered to be anti-takeover measures, but, which could make it more difficult for shareholders to affect certain corporate actions. Among other things, these provisions:

- Authorize our management board, with the approval of our Supervisory Board, for a period of five years from May 19, 2017 to issue shares, including for defensive purposes, without shareholder approval.; and
- Do not provide for shareholder action by written consent, thereby requiring all shareholder actions to be taken at a general meeting of shareholders.

These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

Quantitative and Qualitative Disclosures about Financial Instruments and Market Risk

Foreign Currency Exchange Rates

We operate in virtually every oil and natural gas exploration and production region in the world. In some parts of the world, the currency of our primary economic environment is the U.S. dollar, and we use the U.S. dollar as our functional currency. In other parts of the world, such as Europe, Norway, Africa and Brazil, we conduct our business in currencies other than the U.S. dollar, and the functional currency is the applicable local currency. Assets and liabilities of entities for which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in accumulated other comprehensive income (loss) in the shareholders' equity section on our consolidated balance sheets. A portion of our net assets are impacted by changes in foreign currencies in relation to the U.S. dollar.

For the year ended December 31, 2020, on a U.S. dollar-equivalent basis, approximately 30% of our revenue was represented by currencies other than the U.S. dollar. However, no single non-U.S. currency poses a primary risk to us. A hypothetical 10% decrease in the exchange rates for each of the non-U.S. currencies in which a portion of our revenues is denominated would result in a 2.7% decrease in our overall revenues for the year ended December 31, 2020.

From time to time we enter into short-duration foreign currency forward contracts to mitigate our exposure to non-local currency operating working capital. We are also exposed to market risk on our forward contracts related to potential non-performance by our counterparty. It is our policy to enter into derivative contracts with counterparties that are creditworthy institutions.

We account for our derivative activities under the accounting guidance for derivatives. Derivatives are recognized on the consolidated balance sheet at fair value. Although the derivative contracts will serve as an economic hedge of the cash flow of our currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in our consolidated profit and loss account.

Interest Rate Risk

As of December 31, 2020, we did not have an outstanding funded debt balance under the Credit Facility. If we borrow under the Credit Facility in the future, we will be exposed to changes in interest rates on our floating rate borrowings under the Credit Facility. Although we do not currently utilize interest rate derivative instruments to reduce interest rate exposure, we may do so in the future.

Customer Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are trade receivables. We extend credit to customers and other parties in the normal course of business. International sales also present various risks including governmental activities that may limit or disrupt markets and restrict the movement of funds. We operate in approximately 40 countries and, as a result, our accounts receivables are spread over many countries and customers. As of December 31, 2020, 35% and 11% of our net trade receivables were from customers in the United States and Saudi Arabia, respectively. As of December 31, 2019, 42% of our net trade receivables were from customers in the United States. No other country accounted for more than 10% of our net trade receivables at these dates.

We are also exposed to credit risk because our customers are concentrated in the oil and natural gas industry. This concentration of customers may impact overall exposure to credit risk, either positively or negatively, because our customers may be similarly affected by changes in economic and industry conditions, including sensitivity to commodity prices. While current energy prices are important contributors to positive cash flow for our customers, expectations about future prices and price volatility are generally more important for determining future spending levels. However, any prolonged increase or decrease in oil and natural gas prices affects the levels of exploration, development and production activity, as well as the entire health of the oil and natural gas industry and can therefore negatively impact spending by our customers. We mitigate potential customer credit risk by reviewing customer credit information periodically and maintaining credit limits. For additional details, please refer to note 5.2 in the consolidated financial statements.

Price Risk

A substantial portion of our products use commodities, such as steel, whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in the business cycle. we attempt to protect against such instability through various business strategies including provisions in sales contracts which allows us to pass on higher raw material costs to its customers through timely price increases.

We incur risk regarding the valuation of securities disclosed under financial fixed assets. The value of the assets and liabilities associated with the Frank's Executive Deferred Compensation Plan ("EDC Plan") may fluctuate as a result of changes in the underlying investments associated with the plan. If the value of the plan assets is not sufficient to cover the plan liabilities, the Company will be required to contribute additional funds to the program.

Shares and shareholders' rights

a. Voting rights and Logistics of the General Meeting

A general meeting of shareholders shall be held at least once a year within the period required by Dutch law, which is currently no later than six months after the end of the Company's financial year. Shareholders registered at the record date set by the Company will be entitled to attend the general meeting and to exercise other shareholder rights during the meeting, notwithstanding the subsequent sale of their shares after the record date. Each shareholder is entitled to one vote for each share of Common Stock owned by them on the record date on all matters to be considered.

The Company's practice will be to set the record date at twenty-eight (28) days before the meeting. The Management Board and Supervisory Board shall provide the shareholders with the facts and circumstances relevant to the proposed resolutions, through an explanation to the agenda, as well as through other documents necessary and/or helpful for this purpose. All documents relevant to the general meeting of shareholders, including the agenda with explanations, shall be posted on the Company's website. The agenda will clearly indicate which agenda items are voting items, and which items are for discussion only.

The Company's shareholders may appoint a proxy who can attend and address the general meeting of shareholders and vote on their behalf at the meeting. The Company also uses an internet proxy voting system to vote, thus facilitating shareholder participation without having to attend in person. Shareholders who voted through internet proxy voting are required, however, to appoint a proxy to officially represent them at the meeting in person.

A summary of the actions taken at the general meeting of shareholders will be available to shareholders on our website no later than three months after the meeting. The minutes are adopted by the Chairman and the secretary of the meeting. Also, the voting results will be published via a Current Report on Form 8-K that will be filed with the SEC no later than four business days after the general meeting, which Current Report will be available on the Company's website.

All resolutions are made on the basis of the "one share, one vote" principle. All resolutions are adopted by absolute majority, unless the law or our articles of association stipulate otherwise.

b. Information to the Shareholders

To ensure fair disclosure, the Company distributes information that may influence the share price to shareholders and other parties in the financial markets simultaneously and through means that are public to all interested parties.

When the Company's annual and quarterly results are published by means of a press release, interested parties, including shareholders, can participate through conference calls and view the presentation of the results on the Company's website. The schedule for communicating the annual financial results is in general published through a press release and is posted on the Company's website.

It is the Company's policy to post the presentations given to analysts and investors at investor conferences on its website. Information regarding presentations to investors and analysts and conference calls are announced in advance on the Company's website. Meetings and discussions with investors and analysts shall, in principle, not take place shortly before publication of regular financial information. The Company does not assess, comment upon, or correct analysts' reports and valuations in advance, other than to comment on factual errors. The Company does not pay any fees to parties carrying out research for analysts' reports, or for the production or publication of analysts' reports, and takes no responsibility for the content of such reports.

At the annual general meetings of shareholders, the shareholders will be provided with all requested information, unless this is contrary to an overriding interest of the Company. If this should be the case, the Management Board and Supervisory Board will provide their reasons for not providing the requested information.

Furthermore, the Investors section on the Company's website provides links to information about the Company published or filed by the Company in accordance with applicable rules and regulations.

c. Relationship with Institutional Investors

The Company finds it important that its institutional investors participate in the Company's general meetings. The Company believes that applying a record date and providing internet proxy voting are measures that should achieve high levels of participation at the meeting.

Perspectives for 2021

The full impact of the COVID-19 outbreak and the resulting reduction in oil sector activity continues to evolve daily. However, with ongoing mass vaccination programs beginning to be deployed, we expect the market to respond positively throughout 2021. As COVID-19 responses have normalized and the OPEC and Russia production cut agreements have remained in place, demand is expected to continue to draw down stockpiles of supply. While it is uncertain how long depressed energy demand will last, we anticipate international and U.S. offshore demand for our products and services to moderately increase from current levels as more customer projects come back online in 2021. Exploration and development spending continues to shift toward offshore and internationally focused projects, while U.S. land activity is anticipated to have a moderate recovery over the coming year. Activity in the deepwater offshore market is expected to improve as delayed projects resume and new projects commence throughout 2021. This projected increase in activity is reflected in our recent stock price, which has improved since the end of 2020.

As COVID-19 has increased challenges relating to personnel logistics, our customer base has accelerated to our efficiency-based integrated technology that remove personnel from the rig site. With this, we continue to focus on deploying this differentiated technology across all markets with a focus on improving market share, asset utilization, and profitability.

For our Tubular Running Services segment, we expect the international offshore markets to see moderate growth in line with market trends, U.S. offshore to remain stable, and U.S. onshore operations to rebound slightly from 2020 as demand for oil improves. This business is typically associated with higher margin projects and will continue to be a vehicle to pull through additional product lines and revenue sources. Competitive pricing is likely to persist that could serve to limit our growth; however, we expect to maintain market share gains from previous years. Our client base continues to expand as drilling contractors and integrated service providers look for differentiated technology and efficiency-based solutions.

The Tubulars segment is primarily driven by the specialized needs of our customers and the timing of projects, specifically in North America. We also expect to benefit from increased sales in select international markets. We expect our drilling tools service line to grow as we invest further in new technology and continue to gain share in key markets. Similarly, our tubulars product line is anticipated to benefit from greater demand during 2021 as compared to 2020 as offshore activity increases.

The Cementing Equipment segment is expected to improve in offshore markets. U.S. onshore products and services are anticipated to remain relatively flat relative to market trends. As in 2020, the growth of Cementing Equipment into international markets is expected to again see year-over-year growth as equipment is deployed. The U.S. offshore market is expected to see an increase from market share gains.

Overall, management anticipates that the industry and economic impact of COVID-19 and OPEC's actions will continue to impact our operations in 2021, the degree to which remains uncertain. We will continue our efforts to expand our newer service and product lines that have been historically weighted to the U.S. offshore market, focusing on international markets which have been historically underrepresented by the Cementing Equipment and Tubulars segments. As we move through this challenging market, we are continuing to see the results of our profitability improvement project which has increased efficiencies and reduced costs. We will continue to monitor the market to ensure we are right sized from a headcount perspective to execute customer projects and maximize profitability. We remain in a strong position financially with a significant cash balance relative to our debt. We expect research and development spending in 2021 to be flat compared to 2020.

We believe our cash on hand and cash flows from operations will be sufficient to fund our capital expenditure and liquidity requirements for the next twelve months from the date of this report. We will continue to take actions to adjust our operations and cost structure to reflect current and expected activity levels.

Subsequent Events

On March 10, 2021, FINV and New Eagle Holdings Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of FINV ("Merger Sub"), entered into a Merger Agreement with Expro Group Holdings International Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands ("Expro"), pursuant to which Expro will merge with and into Merger Sub in an all-stock transaction, with Merger Sub surviving the merger as a direct, wholly owned subsidiary of FINV. Upon consummation of the transactions contemplated by the Merger Agreement and the Plan of Merger (as defined in the Merger Agreement) (collectively, the "Transactions"), FINV expects that its current shareholders will own approximately 35% of the combined company and current Expro shareholders will own approximately 65% of the combined company. Following the Merger, the name of the Company will be changed to "Expro Group Holdings N.V." The closing of the Transactions is subject to the satisfaction or waiver of closing conditions, including, among others, the requisite approval of the shareholders of each of FINV and Expro pursuant to the terms of the Merger Agreement and there being no law, injunction or order by a governmental body prohibiting the consummation of the Merger, which is expected to close during the third quarter of 2021.

The Merger Agreement contains termination rights for each of FINV and Expro, including, among others, a termination right for each party if the consummation of the Merger does not occur on or before 5:00 p.m. Houston, Texas time on October 31, 2021 (the "End Date"), subject to certain exceptions; provided, that if as of the End Date, all of the conditions precedent to closing of the Transactions under the Merger Agreement, other than certain specified conditions, have been satisfied, the End Date will automatically be extended to January 31, 2022. Upon termination of the Merger Agreement under specified circumstances, including, generally, the termination by Expro in the event of the FINV's entry into an agreement with respect to an alternative acquisition proposal, or a change of recommendation by the FINV Supervisory Board and the board of managing directors of FINV in each case, prior to the time the FINV approval is obtained, FINV would be required to pay Expro a termination fee of $37.5 million. Upon termination of the Merger Agreement under specified circumstances, including, generally, the termination by FINV in the event of Expro's entry into an agreement with respect to an alternative acquisition proposal, or a change of recommendation by the Expro Board, in each case, prior to the time the Expro approval is obtained, Expro would be required to pay FINV a termination fee of $71.5 million.

In connection with the Merger Agreement, FINV, FICV and Mosing Holdings have entered into an Amended and Restated Tax Receivable Agreement (the "A&R TRA"), that amends and restates the TRA. Pursuant to the A&R TRA, FINV, FICV and Mosing Holdings have agreed, among other things, (i) to terminate the early termination payment obligations that would be owed to Mosing Holdings under the TRA, (ii) that FINV will make a $15 million cash payment to Mosing Holdings at the closing of the Transactions (the "Closing Date Payment") and (iii) to certain other potential future tax benefit payments by the Company to Mosing Holdings as more fully described therein. The terms of the A&R TRA are conditioned upon and subject to the closing of the Transactions and the payment to Mosing Holdings of the Closing Date Payment and, if such conditions do not occur, the A&R TRA will be terminated as of the date the Merger Agreement is terminated and will be null and void and the original TRA will remain in effect in accordance with its terms.

No other events have occurred since the balance sheet date, which would change our financial position and require adjustment or disclosure in the financial statements as presented.

Mastenmakersweg 1, 1786 PB Den Helder, the Netherlands
May 6, 2021

Board of Managing Directors,	**Board of Supervisory Directors,**
/s/ Steven Russell Steven Russell Managing Director	/s/ Michael C. Kearney Michael C. Kearney Chairman, President and Chief Executive Officer
/s/ John Symington John Symington Managing Director	/s/ Michael E. McMahon Michael E. McMahon Lead Supervisory Director
/s/ Melissa Cougle Melissa Cougle Managing Director	/s/ Robert W. Drummond Robert W. Drummond Supervisory Director
	/s/ L. Don Miller L. Don Miller Supervisory Director
	/s/ D. Keith Mosing D. Keith Mosing Supervisory Director
	/s/ Erich L. Mosing Erich L. Mosing Supervisory Director
	/s/ Kirkland D. Mosing Kirkland D. Mosing Supervisory Director
	/s/ Melanie M. Trent Melanie M. Trent Supervisory Director
	/s/ Alexander Vriesendorp Alexander Vriesendorp Supervisory Director

Consolidated Financial Statements

Consolidated balance sheet as of December 31, 2020
(before proposed appropriation of net result)
(in thousands USD)

	Notes	December 31, 2020		December 31, 2019	
Fixed assets					
Intangible assets	6	44,252		92,726	
Tangible fixed assets	7	273,650		342,228	
Financial fixed assets	8	85,088		77,423	
			$ 402,990		$ 512,377
Current assets					
Inventories	9	76,696		78,829	
Trade and other receivables	10	118,894		179,818	
Securities	11	2,252		—	
Deferred taxes	8.2	3,224		2,089	
Cash and cash equivalents	12	211,246		195,383	
			412,312		456,119
			$ 815,302		$ 968,496
Group equity					
Shareholders' equity	14	649,326		786,813	
			$ 649,326		$ 786,813
Provisions					
Deferred taxes	16.2	40,970		32,205	
Executive Deferred Compensation plan	16.1	20,271		23,251	
			61,241		55,456
Non-current liabilities					
Other non-current liabilities		2,703		4,847	
			2,703		4,847
Current liabilities	17	102,032		121,380	
			102,032		121,380
			$ 815,302		$ 968,496

Reference is made to the notes in the financial statements

Consolidated profit and loss account for 2020
(in thousands USD)

	Notes	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Net turnover					
Revenue from services	4.2, 20	328,457		473,538	
Revenue from the sale of products	4.2, 20	61,901		106,382	
Other operating income	20	2,117		1,140	
Total operating income			$ 392,475		$ 581,060
Cost of raw materials and consumables	4.3	(57,755)		(95,927)	
Cost of outsourced work and other external costs	4.3	(80,026)		(116,718)	
Personnel expenses	21	(234,953)		(284,023)	
Depreciation and amortization	22	(111,565)		(134,691)	
Other movements in the value of intangible and tangible fixed assets	6, 7	(20,372)		(36,216)	
Impairment of current assets	9	(5,389)		(4,471)	
Other operating expenses	4.4	(33,270)		(51,548)	
Total operating costs			(543,330)		(723,594)
Operating result			(150,855)		(142,534)
Tax receivable agreement related adjustments	19.3	—		220	
Interest income and similar income	24	3,510		3,594	
Interest expense and similar charges	24	(1,187)		(1,365)	
Currency exchange losses	24	(211)		(2,233)	
			2,112		216
Result before taxation			(148,743)		(142,318)
Tax on result	25		4,081		(23,794)
Net result			$ (144,662)		$ (166,112)
Loss per common share:					
Basic	15		$ (0.64)		$ (0.74)
Diluted	15		$ (0.64)		$ (0.74)
Weighted average common shares:					
Basic	15		226,042		225,159
Diluted	15		226,042		225,159

Consolidated cash flow statement for 2020
(in thousands USD)

	Notes	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Operating activities					
Net result			$(144,662)		$(166,112)
Adjustments for non-cash items in the net result					
Depreciation and amortization	22	111,564		134,690	
Amortization of deferred financing costs	8.5	388		371	
Equity-based compensation expense	28	11,010		11,281	
(Gain) loss on sale of assets		(1,424)		1,037	
Impairment of current assets and movements in the value of fixed assets		25,631		40,686	
Fair value losses on other financial assets	8	(1,106)		(2,747)	
Change in provisions		(625)		727	
Income taxes expense (benefit)		(4,081)		23,794	
Interest Expense		1,096		1,005	
Other		1,295		(1,522)	
Subtotal			143,748		209,322
Changes in working capital					
Trade receivable	10	55,645		23,655	
Inventories	9	(1,573)		(10,694)	
Other current assets		4,437		(501)	
Other assets		848		(1,285)	
Accounts payable		11,184		(14,286)	
Accrued expenses and other current liabilities	17	(26,618)		(115)	
Deferred revenue		(74)		545	
Other noncurrent liabilities	16	(3,344)		(503)	
Income taxes (paid) received, net of refunds		2,512		(13,330)	
Interest paid		(1,096)		(1,005)	
Subtotal			41,921		(17,519)
Net cash provided by operating activities			41,007		25,691
Investing activities					
Investments in tangible fixed assets	7, 13	(28,473)		(37,239)	
Proceeds from sale of assets and equipment	7	8,319		791	
Purchase of investments	11	(2,252)		(20,337)	
Proceeds from sale of investments	11	2,832		46,739	
Purchases of intangible assets	6, 13	(460)		—	
Net cash used in investing activities			(20,034)		(10,046)
Financing activities					
Repayments of borrowings		(236)		(5,627)	
Deferred financing costs		—		(184)	
Repurchase of shares		(1,498)		—	
Treasury shares withheld	14	(1,282)		(1,886)	
Proceeds from the issuance of ESPP shares		934		1,752	
Net cash used in financing activities			(2,082)		(5,945)
Exchange losses on cash at banks and in hand			(3,028)		(529)
Change in cash and banks			15,863		9,171
Cash at the beginning of the year			195,383		186,212
Cash at the end of the year	12		211,246		195,383
Change in cash and banks			$ 15,863		$ 9,171

Consolidated statement of comprehensive loss for 2020
(in thousands USD)

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net result	$(144,662)	$(166,112)
Currency translation differences	(1,668)	404
Total of items recognized directly in shareholders' equity	(1,668)	404
Total consolidated result	$(146,330)	$(165,708)

Reference is made to the notes in the financial statements

FRANK’S INTERNATIONAL N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. General

1.1 Activities

Frank’s International N.V. (“FINV”) is a Netherlands limited liability company publicly traded in the United States on the New York Stock Exchange and includes the activities of Frank’s International C.V. (“FICV”), Blackhawk Group Holdings, LLC (“Blackhawk”) and their wholly owned subsidiaries. The address of the registered office is Mastenmakersweg 1, 1786 PB Den Helder, the Netherlands and is registered as a financial holding at the Chamber of Commerce under number 34241787. The Company was established in 1938 and is an industry-leading global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry. The Company provides services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells. These financial statements contain the financial information of both the Company and the consolidated companies of the Company (the "Group").

The Company offers tubular services, tubular sales, and other well construction and well intervention products and services through its three operating segments: (1) Tubular Running Services ("TRS"), (2) Tubulars and (3) Cementing Equipment as described below.

- Tubular Running Services: Provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 40 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, and in the U.S. Gulf of Mexico. The Company's customers are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

- Tubulars segment: Designs, manufactures and distributes connectors and casing attachments for large outside diameter (“OD”) heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

- Cementing Equipment segment: Provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. Abandonment solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

1.2 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. If necessary for the purposes of providing the view required under article 362, paragraph 1, Book 2 of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

The following accounting policies are in the opinion of management the most critical in preparing these financial statements and require judgments, estimates and assumptions:

- Revenue—Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.
- Income taxes—The determination of the Company's provision for income taxes and the calculation of its tax benefits and liabilities is subject to management's estimates and judgments due to the complexity of the tax laws and regulations in the tax jurisdictions in which the Company operates. Uncertainties exist with respect to interpretation of these complex laws and regulations.
- Intangible assets—Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The discount rate and projecting cash flows are the inherent management estimates and assumptions used in assessing whether an impairment charge should be recognized. Should the actual performance of the cash generating units become materially worse compared to the estimates, possible impairment losses could arise.
- Property, plant and equipment—Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The discount rate and projecting cash flows are the inherent management estimates and assumptions used in assessing whether an impairment charge should be recognized. Should the actual performance of the cash generating units become materially worse compared to the estimates, possible impairment losses could arise.
- Doubtful debt—The Company establishes an allowance for doubtful debt based on various factors including historical experience, the current aging status of its customer accounts, the financial condition of its customers and the business and political environment in which its customers operate. Provisions for doubtful debt are recorded when it becomes probable that customer accounts are uncollectible.
- Inventory—The Company determines reserves for its inventories based on historical usage of inventory on-hand, assumptions about future demand and market conditions, and estimates about potential alternative uses, which are limited.
- Litigation—Certain conditions may exist as of the date the consolidated financial statements are issued that may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management, with input from legal counsel, assesses such contingent liabilities, and such assessment inherently involves an exercise in judgment. In assessing loss contingencies related to legal proceedings pending against the Company or unasserted claims that may result in proceedings, the Company's management, with input from legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable a material loss has been incurred and the amount of liability can be estimated, then the estimated liability would be accrued in the consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Contingent liabilities considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

1.3 Consolidation

The consolidation includes the financial information of FINV, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which FINV exercises direct or indirect control based on a shareholding of more than one half of the voting rights in the general meeting, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which FINV exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group results are disclosed separately.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interest disposed of remain included in the consolidation until the date of loss of this influence.

1.3.1 Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of results of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realized through transactions with third parties outside the group and no impairment loss is applicable.

1.4 Article 402, Book 2 of the Dutch Civil Code

Since the profit and loss account for 2020 of FINV is included in the consolidated financial statements, an abridged profit and loss account has been disclosed (in the company financial statements) in accordance with article 402, Book 2 of the Dutch Civil Code. The abridged profit and loss account exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

1.5 Related Parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed, if this is required, to provide the true and fair view.

1.6 Acquisition and Disposal of Group Companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company. The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. Entities continue to be consolidated until they are sold and they are deconsolidated from the date that control ceases.

1.7 Accounting Policies for the Cash Flow Statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents except for deposits with a maturity over three months. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value. Cash flows denominated in non-U.S. currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group company was recognized as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in the acquired group company were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. Payments of finance lease installments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

1.8 Going Concern

These financial statements of the Company have been prepared on the basis of the going concern assumption.

1.9 Financial reporting period

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020.

2. General Policies

2.1 General

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Assets and liabilities are measured at nominal value, unless otherwise measured in the further principles.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognized in the balance sheet are considered as off-balance sheet assets.

A liability is recognized in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognized in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognized in the balance sheet, remains recognized on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognized in the balance sheet, and thus derecognized, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognized in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognized of which the Company does not have the legal ownership, this fact is disclosed.

Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability.

2.2 Comparative Figures

The accounting policies have been consistently applied to all the years presented.

Certain prior-year amounts have been reclassified to conform to the current year’s presentation. The figures for cost of raw materials and consumables and cost of outsourced work and other external costs were reclassified to the amounts of $95.9 million and $116.7 million, respectively, for 2019 for comparative purposes. These reclassifications had no impact on the Company’s net income (loss), working capital, cash flows or total equity previously reported.

2.3 Foreign Currencies

2.3.1 Functional Currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in U.S. dollars (“USD”), which is the functional currency of FINV.

2.3.2 Transactions, Assets and Liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions.

Translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognized through profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value, are translated into the functional currency at the exchange rates when the current value is determined. Exchange rate differences that arise from this translation are directly recognized in equity as part of the revaluation reserve.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognized in equity as a component of the legal reserve for translation differences.

Translation differences on foreign currency loans contracted to finance a net investment in a foreign operation are recognized in the legal reserve for translation differences within equity if and when such loans effectively hedge the exchange rate exposure on that net investment in a foreign operation.

2.3.3 Group Companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

2.4 Operating Lease

If the Company acts as lessee in an operating lease, the leased property is not capitalized. Benefits received as an incentive to enter into an agreement are recognized as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognized to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

2.5 Financial Instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives.

Financial assets and liabilities are recognized in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognized if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Securities included in financial and current assets, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange and derivatives for which the underlying object is to mitigate the Company's exposure to non-local currency operating working capital, are stated at fair value. All other financial instruments are carried at (amortized) cost. The carrying values on the Company's consolidated balance sheet of its cash and cash equivalents, trade accounts receivable, other current assets, accounts payable and accrued liabilities and lines of credit approximate their fair values due to their short maturities.

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.
- The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.
- The fair value of derivatives that do not involve exchange of collateral is determined by discounting the cash flows to present value, applying the relevant swap curve plus credit and liquidity surcharges.

2.6 Impairment of financial assets

A financial asset that is *not* measured at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortized cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably. Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obliger, breach of contract such as default or delinquency in interest or principal payments, granting to the borrower a concession that the Company would not otherwise consider, indications that a debtor or issuer will enter bankruptcy or other financial restructuring, the disappearance of an active market for that financial asset because of financial difficulties or observable data indicating that there is a measurable decrease in the estimated future cash flow, including adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, and the disappearance of an active market for a security. Indicators for subjective evidence are also considered together with objective evidence of impairments, such as the disappearance of an active market because an entity's financial instruments are no longer publicly traded, a downgrade of an entity's credit rating or a decline in the fair value of a financial asset below its cost or amortized cost. The entity considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognized in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognized by using the asset's original effective interest rate.

Impairment losses below (amortized) cost of investments in equity instruments that are measured at fair value through profit or loss, are recognized directly in the profit and loss account.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

2.7 Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

The Company's investments associated with the deferred compensation plan consists primarily of the cash surrender value of life insurance policies. Assets and liabilities measured using significant other observable inputs are reported at fair value based on third-party broker statements which are derived from the fair value of the funds' underlying investments. Other marketable securities are included in financial assets on the consolidated balance sheets.

Derivatives are recognized on the consolidated balance sheet at fair value. Although the derivative contracts will serve as an economic hedge of the cash flow of the Company's currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in the Company's consolidated profit and loss account.

3. Accounting Policies for the Balance Sheet

3.1 Intangible Assets

Intangible assets are comprised of goodwill, licenses, customer relationships, trade names and intellectual property. Intangible assets are stated at historical cost less amortization. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount. Expenditures made after the initial recognition of an acquired or constructed intangible asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognized as an expense in the profit and loss account.

For details on how to determine whether an intangible asset is impaired, please refer to note 3.4 below.

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Company's interest in the net realizable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortization and impairment losses. Internally generated goodwill is not capitalized. Goodwill resulting from acquisitions and calculated in accordance with section "Acquisition and disposal of group companies" is capitalized and amortized on a straight-line basis over five years. Per category the estimated economic life is presented under note 6.

3.2 Property, Plant and Equipment

Property, plant and equipment are recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditures for significant improvements and betterments are capitalized when they extend the useful life of the asset. Expenditures for minor improvements and routine repairs and maintenance, which do not improve or extend the life of the related assets, are expensed when incurred. When properties or equipment are sold, retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the books and the resulting gain or loss is recognized on the consolidated profit and loss account.

Depreciation on fixed assets is computed using the straight-line method over the estimated useful lives of the individual assets. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the lease term. The depreciation of fixed assets recorded under finance lease agreements is included in depreciation expense. Land is not depreciated. Allowance is made for any impairment losses expected at the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to note 3.4. Per category the estimated economic life is presented under note 7.

3.3 Financial Assets

3.3.1 Associates

Group companies and associates in which the Company exercises significant influence over the business and financial policies generally accompanying a shareholding of 20% or more of the voting rights, are valued according to the equity method on the basis of net asset value. Net asset value is calculated using the accounting policies applied in these financial statements.

If the Company transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognized to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognized. Results on transactions involving transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realized.

The Company realizes the eliminated result as a result of a sale to third parties, depreciation or impairment of the transferred assets recognized by the participating interest.

Associates with an equity deficit are carried at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognized if and to the extent that the cumulative unrecognized share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognized accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are recognized in the profit and loss account (refer to note 3.4).

3.3.2 Loans to Associates

Receivables disclosed under financial assets are recognized initially at fair value of the amount owed net of any provisions considered necessary. These receivables are subsequently measured at amortized cost.

3.3.3 Securities

Securities are recognized initially at fair value. Securities can, for the subsequent valuation, be divided into securities that are held for trading and securities that are not held for trading, being equity instruments or bonds.

Securities which are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognized directly in the profit and loss account.

The equity instruments included under securities (not listed), which are not held for trading, are carried at cost. If the fair value of an individual security should drop below its cost price, the impairment is recognized in the profit and loss account. The equity instruments included under securities that are listed, and which are not held for trading, are carried at fair value. An increase in value of this kind of securities is added to the revaluation reserve. When these securities are derecognized, the accumulated fair value adjustments previously recognized in the revaluation reserve are included in the profit and loss account.

Purchased debt securities which are not held for trading are stated at amortized cost. If the fair value of an individual security should drop below the amortized cost value, it is measured at its impaired value; any write-offs are disclosed in the profit and loss account. With regard to interest-bearing securities, the interest gains are accounted for using the effective interest method.

3.3.4 Deferred Tax Assets

Deferred income tax assets are recognized to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements, on the understanding that deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized.

Deferred income taxes are recognized at nominal value.

3.3.5 Deferred Financing Costs

Deferred financing costs consist of fees and expenses paid in connection with the closing of credit facilities and are capitalized at the time of payment. Deferred financing costs are amortized using the straight line method over the term of the credit facility.

3.4 Impairment of Fixed Assets

As of each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the profit and loss account.

If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the profit and loss account.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed. Impairment losses for goodwill are not reversed.

3.5 Inventories

Inventories are stated at the lower of cost (weighted average cost) or net realizable value. Work in progress and finished goods include the cost of materials, labor, and manufacturing overhead. Inventory that will be used in the Company's operations is either capitalized and included in equipment or expensed based upon the Company's capitalization policies.

Net realizable value is the estimated selling price in the ordinary course of business, less expenses still to make. Net realizable value is determined making allowance for obsolescence of inventories.

3.6 Accounts Receivable

Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost.

The Company adopted International Financial Reporting Standard 9 - Expected Credit Loss effective January 1, 2020 for credit losses on financial instruments. The guidance includes the replacement of the "incurred loss" approach for recognizing credit losses on financial assets, including trade receivables, with a methodology that reflects expected credit losses, which considers historical and current information as well as reasonable and supportable forecasts. The adoption did not have a material impact on our consolidated financial statements. The new credit loss standard is expected to accelerate recognition of credit losses on our accounts receivable. Please refer to note 5 in the notes to the company financial statements for the impact to shareholders' equity.

The Company establishes an allowance for doubtful accounts based on various factors including historical experience, the current aging status of its customer accounts, the financial condition of its customers and the business and political environment in which its customers operate. Provisions for doubtful accounts are recorded when it becomes probable that customer accounts are uncollectible.

3.7 *Cash and Cash Equivalents*

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets. Throughout the year, FINV has cash balances in excess of federally insured limits deposited with various financial institutions. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

3.8 *Shareholders' equity*

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

The purchase of own shares is deducted from the other reserves.

3.9 *Share premium*

Amounts contributed by the shareholders of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company.

3.10 *Revaluation reserve*

Increases in the value of assets that are measured at fair value are included in the revaluation reserve. Exceptions to this are financial instruments and other securities that are measured at current value; increases in the value of such assets are recognized directly in the profit and loss account. In addition, a revaluation reserve is established for such assets with a corresponding charge against other reserves if frequent market quotations are not available.

The revaluation reserve is established per individual asset. It is not to exceed the difference between the carrying value based on historical cost and the carrying value based on fair value. The revaluation reserve is reduced by any realized revaluation (in connection with systematic depreciation or amortization of the asset). Decreases in the value of the asset in question other than due to systematic depreciation or amortization are charged against the revaluation reserve.

If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves. Any related deferred tax liability, calculated at the current tax rate, is offset against the revaluation reserve.

3.11 *Provisions*

3.11.1 *General Information*

Provisions are recognized for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

3.11.2 *Pension Provision*

3.11.2.1 *Pension Schemes*

FINV has a number of defined contribution pension plans on which the conditions of the Dutch Pension Act are applicable. FINV pays premiums based on (legal) required, contractual or voluntary basis to pension funds and insurance companies. Premiums are recognized as personnel costs when they are due. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not been paid yet are presented as liabilities.

For foreign pension plans that are similar to the way the Dutch pension system is designed and operates, recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the valuation of the Dutch pension schemes.

3.11.3 Deferred Taxes

Deferred income tax liabilities are recognized to provide for temporary differences between the tax basis of liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred income tax liability is settled.

Deferred income taxes are recognized at nominal value.

3.11.4 Other Provisions

Provisions, including provisions for the Executive Deferred Compensation plan, are measured at the best estimate of the amount that is necessary to settle obligations as per the balance sheet date. A restructuring provision is recognized when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganization. A valid expectation exists when the implementation of the reorganization has been started, or when the main elements of the plan have been announced to those for whom the reorganization will have consequences. The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Company.

3.12 *Liabilities*

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the profit and loss account over the period of the borrowings using the effective interest method.

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. Accounting Policies for the Profit and Loss Account

4.1 Result

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

4.2 Revenue Recognition

We adopted International Financial Reporting Standard 15 - Revenue from Contracts with Customers effective January 1, 2018 using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. Our adjustment related solely to revenues from certain product sales with bill-and-hold arrangements. The impact to revenue of applying the new revenue recognition standard for the year ended December 31, 2018 was immaterial. We expect the impact of the adoption of the new standard to be immaterial to our financial results on an ongoing basis.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognizes revenues when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Payment terms on services and products generally range from 30 days to 120 days. Given the short-term nature of the Company's service and product offerings, its contracts do not have a significant financing component and the consideration received is generally fixed.

Service revenues are recognized over time as services are performed or rendered. Rates for services are typically priced on a per day, per man-hour or similar basis. The Company generally performs services either under direct service purchase orders or master service agreements which are supplemented by individual call-out provisions. For customers contracted under such arrangements, an accrual is recorded in unbilled revenue for revenue earned but not yet invoiced.

Revenues on product sales are generally recognized at a point in time when the product has shipped and significant risks of ownership have passed to the customer. The sales arrangements typically do not include a right of return or other similar provisions, nor do they contain any other post-delivery obligations.

Some of the Company's Tubulars and Cementing Equipment segment customers have requested that the Company store pipe, connectors and cementing products purchased from the Company in its facilities. The Company recognizes revenues for these "bill and hold" sales once the following criteria have been met: (1) there is a substantive reason for the arrangement, (2) the product is identified as the customer's asset, (3) the product is ready for delivery to the customer, and (4) the Company cannot use the product or direct it to another customer.

Royalty Income. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

4.3 Cost of Revenues

Cost of revenues represents the direct and indirect expenses attributable to revenue, including raw materials and consumables, cost of work contracted out and external expenses that are attributable to cost of revenues.

4.4 Other Operating Expenses

Other operating expenses include costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

4.5 Employee Benefits

4.5.1 Short-Term Employee Benefits

Salaries, wages and social security contributions are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognized as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

4.5.2 Pensions

Basic principle is that the pension charge to be recognized for the reporting period is equal to the pension contributions payable to the pension provider over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognized. If the contributions already paid at balance sheet date exceed the payable contributions, a receivable is recognized to account for any repayment by the fund or settlement with contributions payable in future. The premiums payable for the financial year are charged to the result. Changes in the pension provision are also charged to the result.

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (the Company, the fund and its members) are recognized and measured in accordance with Dutch pension plans.

For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the liability as at balance sheet date. This liability is measured on the basis of an actuarial measurement principle generally accepted in the Netherlands.

4.5.3 Share-Based Payment

The Company's stock-based compensation plan provides for the granting of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance restricted stock units ("PRSUs"), dividend equivalent rights and other types of equity and cash incentive awards to employees, non-employee directors and service providers. Stock-based compensation expense is measured at the grant date of the share-based awards based on their value and is recognized as expense on a straight-line basis over the vesting period, net of actual forfeitures, and are equity settled with a corresponding entry to other reserves on the consolidated balance sheet. Stock-based compensation expense is included in personnel expenses in the consolidated profit and loss account.

FINV's stock-based compensation currently consists of RSUs and PRSUs. The grant date fair value of the RSUs, which are not entitled to receive dividends until vested, is measured by reducing the share price at that date by the present value of the dividends expected to be paid during the requisite vesting period, discounted at the appropriate risk-free interest rate. The grant date fair value and compensation expense of PRSU grants is estimated based on the Company's closing stock price as of the day before the grant date using a Monte Carlo simulation.

Under the Frank's International N.V. employee stock purchase plan ("ESPP"), eligible employees have the right to purchase shares of Common Stock at the lesser of (i) 85% of the last reported sale price of the Common Stock on the last trading date immediately preceding the first day of the option period, or (ii) 85% of the last reported sale price of the Company's Common Stock on the last trading date immediately preceding the last day of the option period. Compensation expense for the 15% discount is measured during the six-month option period using a black-scholes model with a corresponding entry to other reserves. At the conclusion of the option period, the liability associated with employee withholdings collected through payroll during this period is released with a corresponding credit to share premium.

4.6 Amortization and Depreciation

Intangible assets are amortized and property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land is not depreciated. Future depreciation and amortization is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in the profit and loss account.

4.7 Financial Income and Expense

4.7.1 Interest Paid and Received

Interest paid and received is recognized in the period to which it belongs, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

4.7.2 Exchange Rate Differences

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the profit and loss account in the period that they arise, unless they are hedged.

4.8 Income Taxes

Income tax is calculated on the profit/(loss) before tax in the profit and loss account, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

The Company operates under many legal forms in approximately 40 countries. As a result, it is subject to many Dutch, U.S. and other foreign tax jurisdictions and many tax agreements and treaties among the various taxing authorities. The Company's operations in these different jurisdictions are taxed on various bases such as income before taxes, deemed profits (which is generally determined using a percentage of revenues rather than profits), and withholding taxes based on revenues. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions, or the Company's level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of income taxes that it provides during any given year.

FINV provides for income tax expense based on the liability method of accounting for income taxes based on the authoritative accounting guidance. Deferred tax assets and liabilities are recorded based upon temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes, and are measured using the tax rates and laws in effect when the differences are projected to reverse. A deferred tax asset is recognized to the extent that it is probable. In determining the need for a reduction, the Company has made judgments and estimates regarding future taxable income. These estimates and judgments include some degree of uncertainty, and changes in these estimates and assumptions could require FINV to adjust the value of its deferred tax assets. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income in the applicable taxing jurisdictions. Deferred tax expense or benefit is the result of changes in deferred tax assets and liabilities 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.

4.9 Subsequent Events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognized in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognized in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

5. Financial instruments and risk management

During the normal course of business, the Company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

The Company applies forward exchange contracts to control its risks. The Company does not trade in financial derivatives.

5.1 Market Risk

5.1.1 Currency Risk

The Company operates in virtually every oil and natural gas exploration region in the world. In some parts of the world, the currency of FINV's primary economic environment is the U.S. dollar, and the Company uses the U.S. dollar as its functional currency. In other parts of the world, such as Europe, Norway, Africa and Brazil, the Company conducts its business in currencies other than the U.S. dollar, and the functional currency is the applicable local currency. Assets and liabilities of entities for which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in foreign currency translation reserves in the shareholders' equity section on its consolidated balance sheets. A portion of the Company's net assets are impacted by changes in foreign currencies in relation to the U.S. dollar.

The Company from time to time enters into short-duration foreign currency forward contracts to mitigate its exposure to non-local currency operating working capital. The Company is also exposed to market risk on its forward contracts related to potential non-performance by its counterparty. It is the Company's policy to enter into derivative contracts with counterparties that are creditworthy institutions.

For the year ended December 31, 2020, on a U.S. dollar-equivalent basis, approximately 30% of the Company's revenue was represented by currencies other than the U.S. dollar. However, no single foreign currency poses a primary risk to the Company. A hypothetical 10% decrease in the exchange rates for each of the foreign currencies in which a portion of the Company's revenues is denominated would result in a 2.7% decrease in the Company's overall revenues for the year ended December 31, 2020.

5.1.2 Foreign Currency Derivatives

The Company enters into short-duration foreign currency forward contracts to mitigate its exposure to non-local currency operating working capital. It is also exposed to market risk on its forward contracts related to potential non-performance by its counterparty. It is the Company's policy to enter into derivative contracts with counterparties that are creditworthy institutions. The Company's derivative financial instruments consist of short-duration foreign currency forward contracts. The fair value of derivative financial instruments is based on quoted market values including foreign exchange forward rates and interest rates.

The fair value is computed by discounting the projected future cash flow amounts to present value. The derivative financial instruments are included in other long-term liabilities in the consolidated balance sheets.

5.1.3 Price Risk

A substantial portion of FINV's products use commodities, such as steel, whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in the business cycle. FINV attempts to protect against such instability through various business strategies including provisions in sales contracts which allows the Company to pass on higher raw material costs to its customers through timely price increases.

FINV incurs risk regarding the valuation of securities disclosed under financial fixed assets. The value of the assets and liabilities associated with the Frank's Executive Deferred Compensation Plan ("EDC Plan") may fluctuate as a result of changes in the underlying investments associated with the plan. If the value of the plan assets is not sufficient to cover the plan liabilities, the Company will be required to contribute additional funds to the program.

5.1.4 Interest Rate and Cash Flow Risk

As of December 31, 2020, the Company did not have an outstanding funded debt balance under the Credit Facility. If the Company borrows under the Credit Facility in the future, it will be exposed to changes in interest rates on its floating rate borrowings under the Credit Facility. Although the Company does not currently utilize interest rate derivative instruments to reduce interest rate exposure, it may do so in the future.

5.2 Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are trade receivables. The Company extends credit to customers and other parties in the normal course of business. International sales also present various risks including governmental activities that may limit or disrupt markets and restrict the movement of funds. The Company operates in approximately 40 countries and, as a result, its trade receivables are spread over many countries and customers.

The concentration of the Company's customers in the energy industry may impact its overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Those countries that rely heavily upon income from hydrocarbon exports would be hit particularly hard by a drop in oil prices. Further, laws in some jurisdictions in which the Company operates could make collection difficult or time consuming. The Company performs ongoing credit evaluations of its customers and does not generally require collateral in support of its trade receivables. One customer accounted for 13% of the Company's revenue for the year ended December 31, 2020. No customer accounted for more than 10% of the Company's revenue for the year ended December 31, 2019. As of December 31, 2020, 35% and 11% of the Company's net trade receivables were from customers in the United States and Saudi Arabia, respectively. As of December 31, 2019, 42% of the Company's net trade receivables were from customers in the United States. No other country accounted for more than 10% of the Company's net trade receivables at these dates. While the Company maintains reserves for potential credit losses, the Company cannot assure such reserves will be sufficient to meet write-offs of uncollectible receivables or that its losses from such receivables will be consistent with its expectations.

5.3 Liquidity Risk

The Company's primary sources of liquidity for the year ended December 31, 2020 have been cash flows from operations. The Company's primary uses of capital have been for organic growth capital expenditures and acquisitions. FINV continually monitors potential capital sources, including equity and debt financing, in order to meet its investment and target liquidity requirements. In addition, the Company has access to an asset based senior secured revolving credit facility. For additional details regarding this facility, please refer to note 17.1.

5.4 Fair Value

The fair value of most of the financial instruments recognized on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. For the fair value of the other financial instruments recognized on the balance sheet, please refer to note 27.

6. Intangible Assets

Movements in intangible assets can be broken down as follows (in thousands):

	Development Cost	Customer Relationships	Intellectual Property	Trade Names	Goodwill	Total
Balances at January 1, 2020						
Cost	$ —	$ 31,101	$ 14,951	$ 8,733	$ 209,549	$264,334
Accumulated amortization	—	(22,157)	(6,924)	(8,733)	(133,794)	(171,608)
Book value	—	8,944	8,027	—	75,755	92,726
Movements in book value						
Additions	1,996	—	—	—	—	1,996
Amortization of goodwill and intangible assets	—	(2,380)	(1,987)	—	(41,395)	(45,762)
Impairment	—	(4,589)	(119)	—	—	(4,708)
Balance	1,996	(6,969)	(2,106)	—	(41,395)	(48,474)
Balances at December 31, 2020						
Cost	1,996	31,101	14,951	8,733	209,549	266,330
Accumulated amortization	—	(24,537)	(8,911)	(8,733)	(175,189)	(217,370)
Impairment	—	(4,589)	(119)	—	—	(4,708)
Book value	$ 1,996	$ 1,975	$ 5,921	$ —	$ 34,360	$ 44,252
Estimated useful life in years		3-5	1-13	3	5	

There are no internally developed intangible assets. Customer relationships includes the value of customer lists and contractual agreements with customers acquired as part of business acquisitions. Intellectual property includes patents and know-how. During the year ended December 31, 2020, impairment charges of $4.7 million were recorded associated with certain customer relationships and intellectual property intangible assets, which are included in other operating expenses on the consolidated income statement. During the year ended December 31, 2019, impairment charges of $3.3 million were recorded associated with certain customer relationships and intellectual property intangible assets, which are included in other operating expenses on the consolidated income statement. Goodwill primarily relates to the acquisition of Blackhawk in 2016.

No goodwill impairment was recorded for years ended December 31, 2020 and 2019.

The Company performs its goodwill impairment assessment by comparing the estimated recoverable value of the cash generating unit to the cash generating unit's carrying value, including goodwill. The Company estimates the recoverable value for each cash generating unit using a discounted cash flow analysis based on management's short-term and long-term forecast of operating performance. This analysis includes significant assumptions regarding discount rates, revenue growth rates, expected profitability margins, forecasted capital expenditures and the timing of expected future cash flows based on market conditions. The impairment assessments incorporate inherent uncertainties, including projected commodity pricing, supply and demand for our services and future market conditions, which are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the estimated assumptions utilized in the forecasts. If crude oil prices decline significantly and remain at low levels for a sustained period of time, the Company could be required to record an impairment of the carrying value of its goodwill in the future which could have a material adverse impact on its results.

7. Tangible fixed assets

Movements in property, plant and equipment can be broken down as follows (in thousands):

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment - Rental and Other	Furniture, Fixtures and Computers	Automobiles and Other Vehicles	Leasehold Improvements	Construction in Progress - Machinery and Equipment	Total
Balances at January 1, 2020								
Cost	$ 45,973	$ 135,258	$ 960,463	$ 18,372	$ 28,762	$ 9,205	$ 71,812	$1,269,845
Accumulated depreciation and impairments	(8,301)	(26,269)	(822,799)	(13,328)	(25,829)	(5,930)	(25,161)	(927,617)
Book value	37,672	108,989	137,664	5,044	2,933	3,275	46,651	342,228
Movements in book value								
Additions	—	615	6,010	483	—	208	21,305	28,621
Disposals								
Cost	(1,333)	(5,446)	(18,178)	(795)	(2,697)	(1,559)	(7,392)	(37,400)
Depreciation	13	3	17,388	785	2,654	1,157	—	22,000
Depreciation	(477)	(3,890)	(56,825)	(2,016)	(1,300)	(1,294)	—	(65,802)
Non-cash transfers	—	—	29,362	—	—	—	(29,362)	—
Impairments	—	—	(7,729)	(11)	(13)	(111)	(7,802)	(15,666)
Exchange Differences - Cost	(211)	191	(267)	(12)	(77)	(24)	33	(367)
Exchange Differences - Accumulated Depreciation	(1)	(125)	129	(5)	25	13	—	36
Balance	(2,009)	(8,652)	(30,110)	(1,571)	(1,408)	(1,610)	(23,218)	(68,578)
Balances at December 31, 2020								
Cost	44,429	130,618	977,390	18,048	25,988	7,830	56,396	1,260,699
Accumulated depreciation and impairments	(8,766)	(30,281)	(869,836)	(14,575)	(24,463)	(6,165)	(32,963)	(987,049)
Book value	$ 35,663	$ 100,337	$ 107,554	$ 3,473	$ 1,525	$ 1,665	$ 23,433	$ 273,650
Estimated useful life in years	8 - 15 (1)	13 - 39	2-7	3-5	5	7 - 15, or lease term if shorter	—	

(1) The estimated useful life presented is only for Land Improvements. Land does not have a depreciable life.

During 2020 and 2019, the Company identified certain fixed assets, primarily construction in progress, that were not commercially viable given current market conditions. Accordingly, the Company decided to retire this equipment and has recorded impairment expense of $15.7 million and $32.9 million, respectively.

There is no restoration obligation after the use of the above assets.

8. Financial Fixed Assets

Movements in financial fixed assets can be broken down as follows (in thousands):

	Investments Held in Rabbi Trust	Deferred Tax Asset	Deposits	Other Securities	Other Long-Term Assets	Total
Balances at January 1, 2020						
Book value	$ 27,313	$ 44,186	$ 2,119	$ 8	$ 3,797	$ 77,423
Movements in book value						
Additions	—	10,042	63	—	—	10,105
Deductions	—	—	—	—	(1,290)	(1,290)
Plan participant contributions	163	—	—	—	—	163
Distributions/death proceeds	(2,415)	—	—	—	—	(2,415)
Change in market value	1,106	—	—	(5)	—	1,101
	(1,146)	10,042	63	(5)	(1,290)	7,664
Balances at December 31, 2020						
Book Value	$ 26,167	$ 54,228	$ 2,182	$ 3	$ 2,507	$ 85,087

All receivables included in the financial fixed assets fall due in more than one year.

8.1 Investments Held in Rabbi Trust

The Company's investments associated with its deferred compensation plan consist of marketable securities that are held in the form of investments in mutual funds within insurance contracts.

The Company has cash surrender value of life insurance policies that are held within a Rabbi Trust for the purpose of paying future executive deferred compensation benefit obligations. Income (loss) associated with these policies is included in other income, net on the consolidated profit and loss account. Income (loss) on changes in the cash surrender value of life insurance policies was $1.1 million and $2.7 million for the years ended December 31, 2020 and 2019, respectively.

See note 16.1 for more information on the Company's liability in regard to the Executive Deferred Compensation Plan.

8.2 Deferred Tax Asset

Deferred taxes are recorded for the anticipated future tax effects of temporary differences between the financial statement basis and tax basis of the Company's assets using the applicable tax rates in effect at year-end for the amount the deferred tax assets are expected to be offset with future taxable profits. All of the deferred tax assets are considered to be long term (longer than one year) as of December 31, 2020 with the exception of $3.2 million which is included in current assets on the consolidated balance sheet. Deferred tax assets are measured at nominal value.

Netting is applied to the extent that the deferred tax assets and deferred tax liabilities are in the same fiscal jurisdiction and to the extent they have the same maturity.

Significant components of deferred tax assets are as follows (in thousands):

	December 31, 2020	December 31, 2019
Deferred tax assets		
Non-U.S. net operating loss	$ 23,744	$ 17,121
U.S. net operating losses	105,802	104,105
Intangibles	19,896	9,365
Inventory	2,615	2,280
Property and equipment	22,565	16,161
Investment in Partnership	48,973	24,372
Other	4,390	2,881
Portion of deferred tax assets not recognized	(170,533)	(130,010)
Total deferred tax assets	$ 57,452	$ 46,275

8.3 Deposits

Deposits represent security deposits for leased properties, utilities and purchases of materials.

8.4 Other Securities

Capital interests that do not qualify as participating interests, are presented under securities. Other securities primarily includes the Company's interest in equity securities not held for trading.

8.5 Other Long-Term Assets

Other long term assets includes various other non-current assets.

9. Inventories

Inventories at December 31, 2020 and 2019 were as follows (in thousands):

	December 31, 2020	December 31, 2019
Finished goods	$ 62,260	$ 66,179
Work in progress	1,730	3,663
Raw materials, components and supplies	29,609	27,759
Allowance for excess and obsolete inventory	(16,903)	(18,772)
Total inventories	$ 76,696	$ 78,829

The decrease in finished goods as compared to 2019 is driven by a slowdown of activity. The Company incurred $5.4 million and $4.5 million of expense for the impairment of inventory in 2020 and 2019, respectively.

Movement in the allowance for excess and obsolete inventory was as follows (in thousands):

	Balance at Beginning of Period	Additions / Charged to Expense	Write-off/ Charged Against Provision	Other	Balance at End of Period
Year Ended December 31, 2020					
Allowance for excess and obsolete inventory	$ 18,772	$ 5,389	$ (7,024)	$ (234)	$ 16,903

10. Trade and Other Receivables

Accounts receivable at December 31, 2020 and 2019 were as follows (in thousands):

	December 31, 2020	December 31, 2019
Trade accounts receivable	$ 69,541	$ 106,847
Unbilled receivables	26,215	43,422
Taxes receivable	14,292	18,516
Affiliated (1)	549	549
Other receivables	3,867	2,489
Restricted cash	—	1,357
Prepayments and other current assets	8,287	11,767
Allowance for doubtful debts	(3,857)	(5,129)
Total accounts receivable	$ 118,894	$ 179,818

(1) Amounts represent expenditures on behalf of non-consolidated affiliates.

Movement in the allowance for doubtful debts was as follows (in thousands):

	Balance at Beginning of Period	Additions / Charged to Expense	Write-off/ Charged Against Provision	Other	Balance at End of Period
Year Ended December 31, 2020					
Allowance for doubtful debts	$ 5,129	$ 1,506	$ (2,802)	$ 24	$ 3,857

All accounts receivable fall due in less than one year. The carrying value of trade and other receivables approximates their fair values at December 31, 2020 and 2019. The decrease in the allowance for doubtful debts is primarily due to the write off of certain debts that were deemed to be uncollectible.

11. Securities

Short-term investments

Short-term investments consisted of commercial paper classified as held-to-maturity. These investments had original maturities of greater than three months but less than twelve months and were held at (amortized) cost. At December 31, 2020, the Company had $2.3 million of short term investments compared to none at December 31, 2019.

12. Cash and Cash Equivalents

As of December 31, 2020 and 2019, the Company's cash and cash equivalents were $211.2 million and $195.4 million, respectively. The cash and cash equivalents balance includes an amount of $1.7 million that is not immediately accessible. This primarily relates to cash deposits that collateralize our credit card program.

13. Notes to the Cash Flow Statement

Supplemental cash flows and non-cash transactions were as follows for the periods indicated (in thousands):

	Year Ended December 31,	
	2020	2019
Non-cash transactions:		
Change in accruals related to purchases of property, plant and equipment and intangibles	$ (4,832)	$ 781
Insurance premium financed by note payable	1,910	—
Net transfers from inventory to property, plant and equipment	1,967	3,190

14. Shareholders' Equity

The shareholders' equity is detailed in the notes to the company financial statements.

15. Loss Per Common Share

Basic loss per common share is determined by dividing results after taxation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by dividing results after taxation by the weighted average number of common shares outstanding, assuming all potentially dilutive shares were issued.

The Company applied the treasury stock method to determine the dilutive weighted average common shares represented by the unvested restricted stock units and ESPP shares. Basic and diluted loss per common share are identical as the effect of unvested restricted stock units and ESPP shares would be anti-dilutive when the Company's results after taxation are in a net loss position.

The following table summarizes the basic and diluted loss per share calculations (in thousands, except per share amounts):

	Year Ended December 31,	
	2020	2019
Numerator - Basic and Diluted		
Results after taxation	$ (144,662)	$ (166,112)
Denominator		
Basic and diluted weighted average common shares	226,042	225,159
Loss per common share:		
Basic and diluted	$ (0.64)	$ (0.74)

16. Provisions

Movements in provisions were as follows (in thousands):

	Executive Deferred Compensation Plan	Deferred Taxes	Total
Balances at January 1, 2020	$ 23,251	$ 32,205	$ 55,456
Additions	—	—	—
Deductions	—	8,765	8,765
Employee contributions	157	—	157
Employer contributions	—	—	—
Distributions	(4,657)	—	(4,657)
Change in value	1,520	—	1,520
Balances at December 31, 2020	$ 20,271	$ 40,970	$ 61,241

16.1 Executive Deferred Compensation Plan

In December 2004, the Company and certain affiliates adopted the Frank's EDC Plan. The purpose of the EDC Plan is to provide participants with an opportunity to defer receipt of a portion of their salary, bonus, and other specified cash compensation. Participant contributions are immediately vested. The Company's contributions vest after five years of service. All participant benefits under this EDC Plan shall be paid directly from the general funds of the applicable participating subsidiary or a grantor trust, commonly referred to as a Rabbi Trust, created for the purpose of informally funding the EDC Plan, and other than such Rabbi Trust, no special or separate fund shall be established and no other segregation of assets shall be made to assure payment. The assets of the Company's EDC Plan's trust are invested in a corporate owned split-dollar life insurance policy and an amalgamation of mutual funds.

No compensation expense related to the vesting of its contribution was recorded for the years ended December 31, 2020 and 2019, respectively. The total present value of the liability recorded at December 31, 2020 and 2019, related to the EDC Plan was $20.3 million and $23.3 million, respectively, and was included in provisions on the consolidated balance sheets. As of December 31, 2020, the projected disbursements from the EDC Plan in 2021 are expected to be approximately $2.1 million. The change in value of the EDC plan represents the change in the value of the accounts held for the benefit of the plan participants.

16.2 Deferred Taxes

The provision for deferred tax liabilities is recorded for the anticipated future tax effects of temporary differences between the financial statement basis and tax basis of the Company's liabilities using the applicable tax rates in effect at year end. Deferred tax liabilities are measured at nominal value. The entire provision for deferred tax liabilities is considered to be long term (longer than one year) for the year ended December 31, 2020. Significant components of deferred tax liabilities are as follows (in thousands):

	December 31,	
	2020	2019
Investment in partnership	$ 40,970	$ 23,728
PP&E	—	1,253
Goodwill	—	7,297
Other	—	329
Total deferred liabilities	$ 40,970	$ 32,607

17. Current Liabilities

Current liabilities at December 31, 2020 and 2019 consisted of the following (in thousands):

	December 31,	
	2020	2019
Short-term debt	$ —	$ —
Trade creditors	24,790	18,487
Deferred revenue	586	658
Accrued compensation	18,621	19,543
Retirement plans payable	4,591	4,445
Accrued property and other taxes	14,420	20,097
Accrued severance and other charges	2,666	5,837
Income taxes payable	16,029	19,166
Deferred taxes	—	403
Accrued purchase orders	18,869	32,744
Other	1,461	—
Total accrued and other current liabilities	$ 102,033	$ 121,380

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

17.1 Credit Facility

Asset Based Revolving Credit Facility

On November 5, 2018, FICV, Frank's International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV's subsidiaries, including FICV, Frank's International, LLC, Blackhawk, Frank's International GP, LLC, Frank's International, LP, Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a five-year senior secured revolving credit facility (the "ABL Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent (the "ABL Agent"), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, the Company has the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV's subsidiaries, including FICV, Frank's International, LLC, Blackhawk, Frank's International GP, LLC, Frank's International, LP, Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV's subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV's option at either (a) the Alternate Base Rate ("ABR") (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the "prime rate," subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate (as defined therein), plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV's leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV's ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a "FCCR Trigger Event"). Accounts receivable received by FINV's U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to "springing" cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and "springing" cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV's other indebtedness.

As of December 31, 2020, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $10.3 million and availability of $24.2 million. As of December 31, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.3 million and availability of $44.7 million.

18. Guarantees and Letters of Credit

The Company is often required to provide guarantees and/or letters of credit to ensure contractual obligations with respect to bid performance, services and operations of the Company's projects. In general, the Company issues performance guarantees in connection with obligations as determined in various project agreements. Letters of credit relate primarily to contractual project performance and the beneficiary to the guarantee and/or letter of credit has the ability to draw against the commitments to the extent that the contractual obligations, as defined in the related agreement, allows such draw to be made.

The Company's letters of credit are summarized below by maturity date (in thousands):

	Amounts Outstanding
Letters of credit issued [1]:	
2021	$ 6,685
2022	4,162
2023	122
2024	150
2025	1,083
Thereafter	34
	$ 12,236

[1] Letters of credit totaling $10.3 million are issued out of the $100.0 million multi-year ABL Credit Facility.

Each account party pays letter of credit fees of 2.00% per annum on outstanding letters of credit under the ABL Credit Facility. Outstanding amounts under the Citibank Credit Facility bear interest of 0.75% per annum for amounts outstanding.

19. Contingencies and Commitments

19.1 Long-Term Financial Obligations

Purchase commitments for connectors and pipe inventory in the amount of $26.6 million have not been presented in the balance sheet for 2020. Of this amount, payment of $16.2 million is due within one year and $10.4 million is due within one to two years. Purchase commitments for connectors and pipe inventory in the amount of $34.1 million have not been presented in the 2019 balance sheet. The Company enters into purchase commitments on an as-needed basis.

19.2 Operating Leases

FINV is committed under various noncancelable operating lease agreements primarily related to facilities and equipment that expire at various dates throughout the next several years. Future minimum lease commitments under noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2020, are as follows (in thousands):

Year Ending December 31,		
2021	$	10,378
2022		8,475
2023		6,367
2024		3,985
2025		2,957
Thereafter		7,834
Total future lease commitments	$	39,996

Total rent expense incurred under operating leases was $14.1 million and $15.3 million for the years ended December 31, 2020 and 2019, respectively.

19.3 Tax Receivable Agreement

Mosing Holdings and its permitted transferees converted all of their shares of Preferred Stock into shares of FINV common stock on August 26, 2016, in connection with their delivery to FINV of all of their interests in FICV (the "Conversion"). As a result of an election under Section 754 of the Internal Revenue Code, made by FICV, the Conversion resulted in an adjustment to the tax basis of the tangible and intangible assets of FICV with respect to the portion of FICV transferred to FINV by Mosing Holdings and its permitted transferees. These adjustments are allocated to FINV. The adjustments to the tax basis of the tangible and intangible assets of FICV described above would not have been available absent the Conversion. The basis adjustments may reduce the amount of tax that FINV would otherwise be required to pay in the future. These basis adjustments may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

The TRA that FINV entered into with FICV and Mosing Holdings in connection with the IPO generally provides for the payment by FINV to Mosing Holdings of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that FINV actually realizes (or is deemed to realize in certain circumstances) in periods after the IPO as a result of (i) tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by FINV as a result of, and additional tax basis arising from, payments under the TRA. FINV will retain the benefit of the remaining 15% of these cash savings, if any. Payments FINV makes under the TRA will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the TRA. The payments under the TRA will not be conditioned upon a holder of rights under the TRA having a continued ownership interest in FINV.

The estimation of the amount and timing of payments under the TRA is by its nature imprecise. For purposes of the TRA, cash savings in tax generally are calculated by comparing FINV's actual tax liability to the amount FINV would have been required to pay had it not been able to utilize any of the tax benefits subject to the TRA. The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the amount and timing of the taxable income FINV generates in the future. As of December 31, 2020, FINV has had a cumulative loss over the prior 36-month period. Based on this history of losses, as well as uncertainty regarding the timing and amount of future taxable income, FINV is no longer able to conclude that there will be future cash savings that will lead to additional payouts under the TRA. Additional TRA liability may be recognized in the future based on changes in expectations regarding the timing and likelihood of future cash savings.

The payment obligations under the TRA are FINV's obligations and are not obligations of FICV. The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless FINV elects to exercise its right to terminate the TRA (or the TRA is terminated due to other circumstances, including FINV's breach of a material obligation thereunder or certain mergers or other changes of control), and FINV makes the termination payment specified by the TRA. If FINV elects to terminate the TRA early, which it may do in its sole discretion (or if it terminates early as a result of our breach), it would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize the tax attributes subject to the TRA), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of any cash tax savings from the tax benefits to which the payment relates. the actual realization, if any, of such future benefits. In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control. In these situations, FINV's obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. For example, if the TRA were terminated on December 31, 2020, the estimated termination payment would be approximately $68.0 million (calculated using a discount rate of 4.45%). The foregoing number is merely an estimate and the actual payment could differ materially.

Because FINV is a holding company with no operations of its own, its ability to make payments under the TRA is dependent on the ability of FINV's operating subsidiaries to make distributions to it in an amount sufficient to cover FINV's obligations under such agreement. The ability of certain of FINV's operating subsidiaries to make such distributions will be subject to, among other things, the applicable provisions of Dutch law that may limit the amount of funds available for distribution and restrictions in our debt instruments. To the extent that FINV is unable to make payments under the TRA for any reason (except in the case of an acceleration of payments thereunder occurring in connection with an early termination of the TRA or certain mergers or change of control) such payments will be deferred and will accrue interest until paid, and FINV will be prohibited from paying dividends on its common stock.

19.4 Investigation-related Matters

The Company is conducting an internal investigation of the operations of certain of its foreign subsidiaries in West Africa including possible violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), its policies and other applicable laws. In June 2016, the Company voluntarily disclosed the existence of its extensive internal review to the SEC, the U.S. Department of Justice ("DOJ") and other governmental entities. It is the Company's intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While the Company's review has not indicated that there has been any material impact on its previously filed financial statements, the Company has continued to collect information and cooperate with the authorities, but at this time it is unable to predict the ultimate resolution of these matters with these agencies.

As disclosed above, the Company's investigation into possible violations of the FCPA remains ongoing, and it will continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, the Company is unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to the Company. The Company's board and management are committed to continuously enhancing its internal controls that support improved compliance and transparency throughout its global operations.

20. Revenue and Other Income

Selected geographic information is as follows (in thousands):

	Year Ended December 31,	
	2020	**2019**
Revenue:		
United States	$ 155,241	$ 293,172
Europe/Middle East/Africa	101,693	155,278
Latin America	87,517	72,720
Asia Pacific	34,094	35,909
Other countries	11,813	22,841
	$ 390,358	$ 579,920

Revenue generated in the Netherlands was $2.2 million for the year ended December 31, 2020 and $5.5 million for the year ended December 31, 2019.

The breakdown of revenue by category is as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Services	$ 328,457	$ 473,538
Sale of products	61,901	106,382
	$ 390,358	$ 579,920

Other income is summarized as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Realized gain on derivative instruments	$ 1,475	$ —
Other income	642	1,140
	$ 2,117	$ 1,140

21. Personnel Expenses

The breakdown of personnel expenses is as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Salaries and wages	$ 160,766	$ 202,434
Bonuses	15,871	19,174
Social security and taxes	15,671	18,583
Cost with respect to share-based compensation plan	10,628	10,720
Employee stock purchase plan	382	560
Employee benefit plans	6,894	10,090
Executive deferred compensation plan	20	4
Severance and other charges	12,284	9,744
Other personnel expenses	12,437	12,714
	$ 234,953	$ 284,023

Costs with respect to managing and supervisory directors, including severance and other charges, are included in directors' remuneration which is detailed in the notes to the company financial statements.

Severance and other charges

During 2019, the Company continued to take steps to adjust its workforce to meet the depressed demand in the industry. The reduction was communicated to affected employees on various dates.

The Company recorded expenses of approximately $12.3 million and $9.7 million for the years ended December 31, 2020 and 2019, respectively, which included cash severance payments and other employee-related termination costs. These costs are reflected in the consolidated profit and loss account under personnel expenses. As of December 31, 2020, the Company's outstanding liability was approximately $2.7 million and is included in current liabilities.

U.S. Benefit Plans

401(k) Savings and Investment Plan - Frank's International, LLC administers a 401(k) savings and investment plan (the "Plan") as part of the employee benefits package. Employees are required to complete one month of service before becoming eligible to participate in the Plan. Prior to May 21, 2020, the Company matched 100% of the first 3% of eligible compensation an employee contributed to the Plan up to the annual allowable U.S. tax limit. Additionally, the Company provided a 50% match on any employee contributions between 4% to 6% of eligible compensation. Effective May 21, 2020, the Safe Harbor Matching Contribution was eliminated. The Company's matching contributions to the Plan totaled \$2.2 million and \$5.0 million for the years ended December 31, 2020 and 2019, respectively.

Non-U.S. Benefit Plans

The Company also pays contributions to various Dutch and non-U.S. publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

22. Depreciation and Amortization

Depreciation and amortization is broken down as follows (in thousands):

	Year Ended December 31,	
	2020	2019
Depreciation in tangible assets	$ 65,802	$ 82,001
Amortization in goodwill and intangible assets	45,762	52,689
Total depreciation and amortization expense	$ 111,564	$ 134,690

23. Audit Fees

Set forth below is a summary of the total fees paid to the Company's independent registered public accounting firm, KPMG, for fiscal years 2020 and 2019. The 2020 fees relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year. These fees consisted of the following (in thousands):

	Year Ended December 31, 2020		
	KPMG Accountants N.V.	KPMG - Other	Total
Audit fees	$ 145	$ 1,463	$ 1,608
Other audit engagements	67	—	67
Tax fees	—	184	184
All other fees	—	—	—
Total	$ 212	$ 1,647	$ 1,859

	Year Ended December 31, 2019		
	KPMG Accountants N.V.	KPMG - Other	Total
Audit fees	$ 191	$ 1,838	$ 2,029
Tax fees	—	13	13
All other fees	—	—	—
Total	$ 191	$ 1,851	$ 2,042

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act, as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. KPMG Accountants N.V. provided, in addition to the statutory audit of the financial statements, services regarding the NOW audit.

24. Financial Income and Expense

Financial income and expense is summarized as follows (in thousands):

	Year Ended December 31,	
	2020	2019
TRA related adjustments	$ —	$ 220
Interest income and similar income	3,510	3,594
Interest expense and similar charges	(1,187)	(1,365)
Currency exchange losses	(211)	(2,233)
Total	$ 2,112	$ 216

Currency exchange rates

Foreign currency loss for the year ended December 31, 2020 changed by $2.0 million to $0.2 million from $2.2 million for the year ended December 31, 2019. The change was primarily driven by strengthening of the U.S. dollar in the current period as compared to the prior year period, particularly in comparison to the Norwegian krone.

25. Tax on Result

Income taxes have been provided for based upon the tax laws and rates in the countries in which operations are conducted and income is earned. Components of income tax expense (benefit) consist of the following for the periods indicated (in thousands):

	Year Ended December 31,	
	2020	2019
Current		
U.S. federal	$ (17,582)	$ —
U.S. state and local	—	209
Non-U.S.	12,876	21,975
Total current	(4,706)	22,184
Deferred		
U.S. federal	(2,515)	444
U.S. state and local	—	—
Non-U.S.	3,140	1,166
Total deferred	625	1,610
Total income tax expense (benefit)	$ (4,081)	$ 23,794

A reconciliation of the differences between the income tax provision computed at the U.S. statutory rate and the reported provision for income taxes for the periods indicated is as follows (in thousands):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Income tax benefit at statutory rate	$ (30,226)	$ (29,887)
Tax effect of:		
Other applicable tax rates abroad	(6,824)	4,783
Recognition of previously not recognized tax losses	(17,579)	—
Tax losses not recognized	42,497	43,730
Incremental tax U.S. branches	(7,197)	(8,723)
Other non-deductible expenses	5,679	2,711
Withholding taxes	11,526	9,644
Other	(1,957)	1,536
Total income tax expense (benefit)	$ (4,081)	$ 23,794

A reconciliation using the Netherlands statutory rate was not provided as there are no significant operations in the Netherlands.

The U.S. statutory tax rate was 21% for the year ended December 31, 2020 and 2019, while the effective tax rates were 3% and (17)% for the same periods, respectively. The change from 2019 to 2020 was primarily due to a significant tax expense recorded in 2019 to record a valuation allowance against certain indefinite-lived intangibles.

As of December 31, 2020, the Company has income tax net operating loss ("NOL") carryforwards related to both the Company's U.S. and non-U.S. operations of approximately $476 million. In addition, the Company has research and development tax credit carryforwards of approximately $1.2 million. The ultimate utilization of the NOLs and research and development credits depend on the ability to generate sufficient taxable income in the appropriate tax jurisdiction. These tax attributes expire as follows:

Year of Expiration	U.S. NOLs	Non-U.S. NOLs	R&D Credits
2021 - 2025	$ —	$ 21,230	$ —
2026 - 2030	—	5,648	—
2031 - 2039	168,163	335	1,156
Does not expire	209,702	70,668	—
	$ 377,865	$ 97,881	$ 1,156

26. Number of Employees

The Company had an average of 2,704 and 3,181 employees worldwide at December 31, 2020 and 2019, respectively. During 2020 and 2019, there were 30 and 53 employees, respectively, working in the Netherlands.

	2020	2019
Production	2,179	2,629
Sales	96	117
Administration	277	268
Other	152	167
Total number of employees	2,704	3,181

27. Financial Instruments

Financial Instruments Carried at Fair Value

The table below shows financial instruments outstanding at December 31, 2020, stating their fair value and changes in value recognized directly either through the revaluation reserve or through profit or loss, and changes in value charged directly to the freely distributable reserves.

	Fair Value	Carrying Value	Cost Basis	Recognized through Revaluation Reserve	Recognized through Profit or Loss
Investments - deferred compensation plan	$ 26,167	$ 26,167	$ 18,216	$ —	$ 7,951
Marketable securities - other	3	3	2,068	—	(2,065)

Investments - Deferred Compensation Plan

The Company's investments associated with its deferred compensation plan consist primarily of the cash surrender value of life insurance policies. Assets and liabilities measured using significant other observable inputs are reported at fair value which is derived from the fair value of the funds' underlying investments.

Marketable Securities - Other

Other marketable securities includes the Company's interest in equity securities. The fair value is based on quoted market prices.

28. Stock Based Compensation

2013 Long-Term Incentive Plan

Under the Company's 2013 Long-Term Incentive Plan (the "LTIP"), stock options, SARs, restricted stock, restricted stock units, dividend equivalent rights and other types of equity and cash incentive awards may be granted to employees, non-employee directors and service providers. The LTIP expires after 10 years, unless prior to that date the maximum number of shares available for issuance under the plan has been issued or the Company's board of directors terminates the plan. There are 20,000,000 shares of Common Stock approved for issuance under the LTIP. As of December 31, 2020, 9,031,242 shares remained available for grants.

Restricted Stock Units

Upon completion of the IPO and pursuant to the LTIP, the Company began granting restricted stock units. Substantially all RSUs granted under the LTIP vest ratably over a period of one to three years. The Company's treasury stock consists of shares that were withheld from employees to settle personal tax obligations that arose as a result of restricted stock units that vested. Certain restricted stock unit awards provide for accelerated vesting for qualifying terminations of employment or service.

Employees granted RSUs are not entitled to dividends declared on the underlying shares while the restricted stock unit is unvested. As such, the grant date fair value of the award is measured by reducing the grant date price of the Company's Common Stock by the present value of the dividends expected to be paid on the underlying shares during the requisite service period, discounted at the appropriate risk-free interest rate. The weighted average grant date fair value of RSUs granted during the years ended December 31, 2020 and 2019 was $9.9 million and $11.4 million, respectively. Compensation expense is recognized ratably over the vesting period. Forfeitures are recorded as they occur.

Stock-based compensation expense relating to RSUs for the years ended December 31, 2020 and 2019, was $8.0 million and $8.7 million, respectively, and is included in personnel expenses on the consolidated profit and loss account. The total fair value of RSUs vested during the years ended December 31, 2020 and 2019 was $9.6 million and $7.1 million, respectively. Unamortized stock compensation expense as of December 31, 2020 relating to RSUs totaled approximately $9.0 million, which will be expensed over a weighted average period of 1.3 years.

Non-vested RSUs outstanding as of December 31, 2020 and the changes during the year were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2019	2,460,800	$ 6.65
Granted	2,928,737	3.38
Vested	(1,465,069)	6.58
Forfeited	(325,569)	4.95
Non-vested at December 31, 2020	3,598,899	$ 4.18

Performance Restricted Stock Units

The purpose of the performance restricted stock unit awards ("PRSUs") is to closely align the incentive compensation of the executive leadership team for the duration of the performance cycle with returns to FINV's shareholders and thereby further motivate the executive leadership team to create sustained value to FINV shareholders. The design of the PRSU grants effectuates this purpose by placing a material amount of incentive compensation for each executive at risk by offering an extraordinary reward for the attainment of extraordinary results. Design features of the PRSU grant that in furtherance of this purpose include the following: (1) The vesting of the PRSUs is based on total shareholder return ("TSR") based on a comparison to the returns of a peer group, which, beginning with PRSUs granted in 2018, is the SPDR S&P Oil & Gas Equipment and Services ETF. (2) TSR is computed over the entire Performance Period (using a 30-day averaging period for the first 30 calendar days and the last 30 calendar days of the Performance Period to mitigate the effect of stock price volatility), but beginning with the PRSUs granted in 2018, TSR performance is calculated separately with respect to three separate one-year achievement periods included in the three-year Performance Period, resulting in a weighted average payout at the end of the three-year Performance Period. The TSR calculation will assume reinvestment of dividends. (3) The ultimate number of shares to be issued pursuant to the PRSU awards will vary in proportion to the actual TSR achieved as a percentile compared to the peer group during the Performance Period as follows: (i) no shares will be issued if the Company's performance falls below the 25th percentile; (ii) 50% of the Target Level if the Company achieves a rank in the 25th percentile (the threshold level); (iii) 100% of the Target Level if the Company achieves a rank in the 50th percentile (the target level); (iv) 150% of the Target Level if the Company achieves a rank in the 75th percentile (the maximum level for the 2017 grants); and 200% of the Target Level if the Company achieves a rank in the 90th percentile and above (the maximum level for the 2018 and 2019 grants). (4) Unless there is a qualifying termination as defined in the PRSU award agreement, the PRSUs of an executive will be forfeited upon an executive's termination of employment during the Performance Period.

Though the value of the PRSU grant may change for each participant, the compensation expense recorded by the Company is determined on the date of grant. Expected volatility is based on historical equity volatility of its stock based on 50% of historical and 50% of implied volatility weighting commensurate with the expected term of the PRSU. The expected volatility considers factors such as the historical volatility of the Company's share price and its peer group companies, implied volatility of its share price, length of time its shares have been publicly traded, and split- and dividend-adjusted closing stock prices. The Company assumed no forfeiture rate for the PRSUs.

In 2020, the Company granted PRSUs with a fair value of $3.0 million or 676,615 units ("Target Level"). The performance period for these grants is the three year period from January 1, 2020 to December 31, 2022 ("Performance Period"), but with separate one-year achievement periods from January 1, 2020 to December 31, 2020, January 1, 2021 to December 31, 2021 and January 1, 2022 to December 31, 2022, resulting in a weighted average payout at the end of the Performance Period.

The weighted average assumptions for the PRSUs granted in 2020 are as follows:

	2020
Expected term (in years)	2.87
Expected volatility	46.2%
Risk-free interest rate	1.36%
Correlation range	17.4% to 82.1%

In 2019, the Company granted performance restricted stock unit awards ("PRSUs") with a fair value of $3.7 million or 446,858 units ("Target Level"). The performance period for these grants is the three year period from January 1, 2019 to

December 31, 2021 ("Performance Period"), but with separate one-year achievement periods from January 1, 2019 to December 31, 2019, January 1, 2020 to December 31, 2020 and January 1, 2021 to December 31, 2021, resulting in a weighted average payout at the end of the Performance Period.

The weighted average assumptions for the PRSUs granted in 2019 are as follows:

	2019
Expected term (in years)	2.86
Expected volatility	43.5%
Risk-free interest rate	2.48%
Correlation range	2.4% to 88.1%

In the event of death or disability, the restrictions related to forfeiture as defined in the performance awards agreement will lapse with respect to 100% of the PRSUs at the target level effective on the date of such event. In the event of involuntary termination except for cause, the Company may enter into a special vesting agreement with the executive under which the restrictions for forfeiture will not lapse upon such termination. In the event of a termination for any other reason prior to the end of the Performance Period, all PRSUs will be forfeited.

Stock-based compensation expense related to PRSUs included in personnel expenses on the consolidated statements of income for the years ended December 31, 2020 and 2019 was $2.6 million and $2.0 million, respectively. The total fair value of PRSUs vested during the year ended December 31, 2020, was $1.5 million. There were no PRSU vestings during the year ended December 31, 2019. Unamortized stock compensation expense as of December 31, 2020 relating to PRSUs totaled approximately $3.4 million, which will be expensed over a weighted average period of 1.75 years.

Non-vested PRSUs outstanding as of December 31, 2020 and the changes during the year were as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2019	788,833	$ 8.13
Granted	676,615	4.40
Vested	(163,750)	9.04
Forfeited	(14,611)	7.79
Non-vested at December 31, 2020	1,287,087	$ 5.96

Employee Stock Purchase Plan

Under the Frank's International N.V. ESPP, eligible employees have the right to purchase shares of Common Stock at the lesser of (i) 85% of the last reported sale price of the Common Stock on the last trading date immediately preceding the first day of the option period, or (ii) 85% of the last reported sale price of the Company's Common Stock on the last trading date immediately preceding the last day of the option period. The ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the U.S. Internal Revenue Code. The Company has reserved 3.0 million shares of its Common Stock for issuance under the ESPP, of which 1.8 million shares were available for issuance as of December 31, 2020. Shares of the Company's Common Stock issued to its employees under the ESPP totaled 340,950 in 2020 and 389,284 shares in 2019. For the years ended December 31, 2020 and 2019, the Company recognized $0.4 million and $0.6 million of compensation expense related to stock purchased under the ESPP, respectively.

In January 2020, the Company issued 125,893 shares of our common stock to our employees under this plan to satisfy the employee purchase period from July 1, 2019 to December 31, 2019, which increased our common stock outstanding.

In July 2020, the Company issued 215,057 shares of our common stock to our employees under this plan to satisfy the employee purchase period from January 1, 2020 to June 30, 2020, which increased our common stock outstanding.

29. Related Party Transactions

The Company has engaged in certain transactions with other companies related to it by common ownership. The Company has entered into various operating leases to lease facilities from these affiliated companies. Rent expense associated with related party leases was $2.7 million and $2.7 million for the years ended December 31, 2020 and 2019, respectively.

For details regarding the Tax Receivable Agreement, please refer to note 19.3. The remuneration of the managing directors and supervisory directors is included in note 12 to the Company Financial Statements.

30. Subsequent Events

On March 10, 2021, FINV and New Eagle Holdings Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of FINV ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Expro Group Holdings International Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands ("Expro"), pursuant to which Expro will merge with and into Merger Sub in an all-stock transaction, with Merger Sub surviving the merger as a direct, wholly owned subsidiary of FINV (the "Merger"). Upon consummation of the transactions contemplated by the Merger Agreement and the Plan of Merger (as defined in the Merger Agreement) (collectively, the "Transactions"), the FINV expects that its current shareholders will own approximately 35% of the combined company and current Expro shareholders will own approximately 65% of the combined company. Following the Merger, the name of the Company will be changed to "Expro Group Holdings N.V." The closing of the Transactions is subject to the satisfaction or waiver of closing conditions, including, among others, the requisite approval of the shareholders of each of FINV and Expro pursuant to the terms of the Merger Agreement and there being no law, injunction or order by a governmental body prohibiting the consummation of the Merger. The Merger is expected to close during the third quarter of 2021.

The Merger Agreement contains termination rights for each of FINV and Expro, including, among others, a termination right for each party if the consummation of the Merger does not occur on or before 5:00 p.m. Houston, Texas time on October 31, 2021 (the "End Date"), subject to certain exceptions; provided, that if as of the End Date, all of the conditions precedent to closing of the Transactions under the Merger Agreement, other than certain specified conditions, have been satisfied, the End Date will automatically be extended to January 31, 2022. Upon termination of the Merger Agreement under specified circumstances, including, generally, the termination by Expro in the event of the FINV's entry into an agreement with respect to an alternative acquisition proposal, or a change of recommendation by the FINV Supervisory Board and the board of managing directors of FINV in each case, prior to the time the FINV approval is obtained, FINV would be required to pay Expro a termination fee of $37.5 million. Upon termination of the Merger Agreement under specified circumstances, including, generally, the termination by FINV in the event of Expro's entry into an agreement with respect to an alternative acquisition proposal, or a change of recommendation by the Expro Board, in each case, prior to the time the Expro approval is obtained, Expro would be required to pay FINV a termination fee of $71.5 million.

In connection with the Merger Agreement, FINV, FICV and Mosing Holdings have entered into an Amended and Restated Tax Receivable Agreement (the "A&R TRA"), that amends and restates the TRA. Pursuant to the A&R TRA, FINV, FICV and Mosing Holdings have agreed, among other things, (i) to terminate the early termination payment obligations that would be owed to Mosing Holdings under the TRA, (ii) that FINV will make a $15 million cash payment to Mosing Holdings at the closing of the Transactions (the "Closing Date Payment") and (iii) to certain other potential future tax benefit payments by the Company to Mosing Holdings as more fully described therein. The terms of the A&R TRA are conditioned upon and subject to the closing of the Transactions and the payment to Mosing Holdings of the Closing Date Payment and, if such conditions do not occur, the A&R TRA will be terminated as of the date the Merger Agreement is terminated and will be null and void and the original TRA will remain in effect in accordance with its terms.

No other events have occurred since the balance sheet date, which would change our financial position and require adjustment or disclosure in the financial statements as presented.

Frank’s International N.V. Company Accounts

Frank’s International N.V. company balance sheet as of December 31, 2020
(before proposed appropriation of net result)
(in thousands USD)

	Notes	December 31, 2020		December 31, 2019	
Non-current assets					
Financial assets	2	907,903		1,055,983	
			$ 907,903		$ 1,055,983
Current assets					
Amounts owed by group entities	3	6,693		9,890	
Taxes receivable		458		486	
Cash and cash equivalents	4	855		950	
			8,006		11,326
			$ 915,909		$ 1,067,309
Shareholders’ equity and liabilities					
Shareholders’ equity					
Share capital	5	2,780		2,525	
Share premium	5	957,590		956,676	
Foreign currency translation reserve	5	(23,102)		(21,434)	
Other reserves	5	(141,284)		15,158	
Other legal reserves	5	(1,996)			
Unappropriated results	5	(144,662)		(166,112)	
			$ 649,326		$ 786,813
Current liabilities					
Loans from group entities	6	234,101		234,101	
Amounts due to group entities	7	30,261		43,477	
Accrued expenses and other liabilities	8	2,221		2,918	
			266,583		280,496
			$ 915,909		$ 1,067,309

Reference is made to the notes in the financial statements

Frank’s International N.V. profit and loss account for 2020
(in thousands USD)

	Notes	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Share of results of subsidiaries, after tax	2	$ (140,547)	$ (159,009)
Loss from operations, after tax		(4,115)	(7,103)
Net results		$ (144,662)	$ (166,112)

Notes to the Frank’s International N.V. company financial statements

1. General

The Frank’s International N.V. company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated according to the equity accounting method on the basis of net asset value in accordance with Note 3.3.1 to the consolidated financial statements.

For the accounting policies for the company balance sheet and profit and loss account, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Financial instruments

In the separate financial statements, financial instruments are presented on the basis of their legal form.

Share of result of participating interests

This item concerns the Company’s share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

2. Financial Assets

Movements in financial assets can be broken down as follows (in thousands):

	Interests in Group Entities (1)
Balances at January 1, 2020	
Book value	$ 1,055,983
Movements in book value	
Net loss from subsidiaries	(157,100)
Equity-based compensation	11,010
Currency exchange rate differences and revaluation	(1,669)
Other changes	(321)
	(148,080)
Balances at December 31, 2020	
Book value	$ 907,903

(1) The Company has certain guarantees in place for the liabilities from subsidiaries with negative equity.

2.1 Interests in Group Entities

Name	Domicile	Owned (Prior Year)
Frank’s International Partners B.V.	Amsterdam, the Netherlands	100% (100%)
Oilfield Equipment Rentals Ltd.	Dublin, Ireland	100% (100%)
Frank’s International LP B.V.	Amsterdam, the Netherlands	100% (100%)
Blackhawk Group Holdings, LLC	Delaware, United States of America	100% (100%)

The Company has executed liability statements for its indirect subsidiaries Oilfield Equipment Rentals B.V., ("OER BV") and Frank's International Coöperatief U.A. ("FI Coop"), on May 13, 2019 and on June 22, 2020, respectively, as meant in article 2:403 of the Dutch Civil Code. The Company's liability statement is one of the requirements for OER BV and FI Coop to use the exemptions under article 2:403 of the Dutch Civil Code for its financial statements, i.e. to prepare simplified financial statements (balance sheet and income statement only) and that these do not need to be filed the Dutch trade register. The liability statements have been filed with the Dutch trade register and remain valid until revoked.

3. Amounts owed by group entities

Amounts owed by group entities consist of the following (in thousands):

	December 31,	
	2020	2019
Blackhawk Specialty Tools, LLC	$ 4,877	$ 8,572
Frank’s International, LLC	70	1,247
Frank’s International (BVI) Limited	1,746	71
	$ 6,693	$ 9,890

The amounts owed have no fixed repayment dates or stated interest rates and are expected to be received within the next 12 months.

4. Cash and Cash Equivalents

As of December 31, 2020 and 2019, the Company’s cash and cash equivalents are $0.9 million and $1.0 million, respectively. There are no restrictions on cash and cash equivalents.

5. Shareholders' Equity

Movements in shareholders' equity can be broken down as follows (in thousands):

	Share Capital	Share Premium	Other Reserves	Foreign Currency Translation Reserve	Unappropriated Results	Participating Interest Other Legal Reserves	Total
Balances at January 1, 2019	$ 2,567	$ 954,944	$ 138,241	$ (21,838)	$ (132,537)	$ —	$ 941,377
Movements							
Equity-based compensation expense	—	—	11,280	—	—	—	11,280
Treasury shares purchased	—	—	(1,885)	—	—	—	(1,885)
Currency translation adjustment	(58)	—	58	404	—	—	404
Granted share-based award plans	13	(13)	—	—	—	—	—
Transfer to other reserves	—	—	(132,537)	—	132,537	—	—
Result after taxation	—	—	—	—	(166,112)	—	(166,112)
Granted shares ESPP	4	1,745	—	—	—	—	1,749
Balances at December 31, 2019	$ 2,526	$ 956,676	$ 15,157	$ (21,434)	$ (166,112)	$ —	$ 786,813
Balances at January 1, 2020							
Change in accounting policy	—	—	(321)	—	—	—	(321)
Adjusted balances at January 1, 2020	$ 2,526	$ 956,676	$ 14,836	$ (21,434)	$ (166,112)	$ —	$ 786,492
Movements							
Equity-based compensation expense	—	—	11,010	—	—	—	11,010
Treasury shares purchased	—	—	(1,282)	—	—	—	(1,282)
Share repurchase program	—	—	(1,498)	—	—	—	(1,498)
Currency translation adjustment	234	—	(234)	(1,668)	—	—	(1,668)
Granted share-based award plans	16	(16)	—	—	—	—	—
Development expenditures	—	—	1,996	—	—	(1,996)	—
Transfer to other reserves	—	—	(166,112)	—	166,112	—	—
Result after taxation	—	—	—	—	(144,662)	—	(144,662)
Granted shares ESPP	4	930	—	—	—	—	934
Balances at December 31, 2020	$ 2,780	$ 957,590	$ (141,284)	$ (23,102)	$ (144,662)	$ (1,996)	$ 649,326

5.1 Share Capital

The authorized share capital of the Company at December 31, 2020 amounts to EUR 8.0 million and consists of 798,096,000 Common Stock shares with a par value of EUR 0.01 each. The USD/EUR exchange rate at December 31, 2020 and 2019 were 1.2264 and 1.1199, respectively. The movement in the number of outstanding shares in 2020 is as follows (in thousands):

Balance at January 1, 2020	225,511
Issuance of common shares under long-term incentive plan	473
Issuance of common shares under ESPP	341
Balance at December 31, 2020	226,325

On August 8, 2013, the Company issued 70,928,000 shares of Common Stock as part of the reorganization and issued another 34,500,000 shares of Common Stock, including 4,500,000 pursuant to the underwriters' option to purchase additional shares, when it completed its IPO on August 14, 2013. During the fiscal year 2020, the Company issued approximately 814,000 shares of Common Stock. The shares have been fully paid up.

5.2 Share Premium

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income) including shares issued under the ESPP. Under the ESPP, eligible employees have the right to purchase shares of common stock at the lesser of (i) 85% of the last reported sale price of the Company’s common stock on the last trading date immediately preceding the first day of the option period, or (ii) 85% of the last reported sale price of the Company’s common stock on the last trading date immediately preceding the last day of the option period.

5.3 Translation Differences Reserve

Participating interests and foreign operations with a different currency than the reporting entity are transferred into the presentation currency of the reporting entity. The translation differences reserve is a legal reserve which represents the resulting foreign currency translation differences on the net investment in such participating interests or foreign operations.

5.4 Other Reserves

Dividends

There were no cash dividends declared or paid during 2020.

The declaration and payment of future dividends will be at the discretion of the Supervisory Board of Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements, and general business conditions. No dividend will be proposed to the 2021 General Meeting.

Stock based compensation in relation to the RSUs, PRSUs and ESPP is expensed and recognized in other reserves.

Treasury shares

At December 31, 2020, common shares held in treasury totaled 2,481,742 with a cost of $20.0 million. During 2020, approximately 421,000 shares were withheld from employees to settle personal tax withholding obligations that arose as a result of restricted stock units that vested. The Company's Supervisory Board has authorized a program to repurchase common stock from time to time. Approximately $38,502,322 remained authorized for repurchases as of December 31, 2020; subject to the limitation set in the Company's shareholder authorization for repurchases of common stock, which is currently 10% of the common stock outstanding as of April 30, 2020. From the inception of this program in February 2020 through December 31, 2020, the Company repurchased 570,044 shares of common stock for a total cost of approximately $1.5 million. This program was suspended during the second quarter of 2020 due to the impacts of COVID-19 and commodity price declines and will be revisited when market conditions stabilize sufficiently to provide greater clarity to anticipated business results.

5.5 Appropriation of Result

Appropriation of profit of 2019

The financial statements for the reporting year 2019 have been adopted by the General Meeting on June 10, 2020. The General Meeting has adopted the appropriation of loss after tax of $166.1 million as proposed by the Board of Management to other reserves.

Proposal for profit appropriation 2020

The Management Board proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the loss after tax for 2020 of $144.7 million to other reserves.

5.6 Participating Interest Other Legal Reserve

Other legal reserve concerns the reserve for capitalized development expenditures associated with implementing the Company's Enterprise Risk Management software.

6. Loans from group entities

On July 30, 2013, FINV entered into a $234.1 million intercompany loan agreement with Oilfield Equipment Rentals Limited (Ireland). The payment of the principal is due on demand with no stated interest rate. At December 31, 2020, the outstanding amount was $234.1 million. The Company is in the process of liquidating Oilfield Equipment Rentals Limited (Ireland), at which point the note will no longer be outstanding.

7. Amounts due to group entities

Amounts due to group entities consist of the following (in thousands):

	December 31,	
	2020	**2019**
Frank's International, LLC	$ 4,883	$ 22,663
Oilfield Equipment Rentals B.V.	21,000	20,000
Frank's International (BVI) Limited	3,548	672
Frank's International L.P. B.V.	750	—
Other	80	142
	$ 30,261	$ 43,477

The amounts due have no fixed repayment dates or stated interest rates and are expected to be paid within the next 12 months.

8. Accrued expenses and other liabilities

Accrued expenses and other liabilities are summarized as follows (in thousands):

	Year Ended December 31,	
	2020	**2019**
TRA payable (related party)	$ —	$ 213
Other accounts payable and accrued expenses	1,966	1,446
Accrued expenses (intercompany)	255	597
Taxes payable	—	662
	$ 2,221	$ 2,918

Please refer to note 19.3 to the consolidated financial statements for additional information regarding the TRA payable.

9. Related Parties

Transaction as disclosed in note 6 is not carried out on an arm's-length basis. The remuneration of the managing directors and supervisory directors is included in note 11 to the Company Financial Statements.

At December 31, 2020, no amount was owed to Mosing Holdings related to the Tax Receivable Agreement. At December 31, 2019, $0.2 million was owed to Mosing Holdings related to the Tax Receivable Agreement. For additional details, please refer to note 19.3 in the consolidated financial statements.

10. Number of Employees

The Company had no employees for the years ended December 31, 2020 and 2019.

11. Directors' Remuneration

Set forth below is a summary of the total fees earned to the Company's Supervisory and Managing Directors:

	Year	Salary ($)(2)	Stock Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(4)	Total
Supervisory Directors						
Michael C. Kearney						
Chairman of the Supervisory Board, Supervisory Director, President and Chief Executive Officer	2020	$ 709,637	$ 2,851,122	$ 354,825	$ 19,870	$ 3,935,454
	2019	750,000	2,290,273	502,500	12,600	3,555,373
Michael E. McMahon						
Supervisory Lead Director	2020	90,220	115,231	—	—	205,451
	2019	74,579	141,145	—	—	215,724
Robert W. Drummond						
Supervisory Director	2020	62,500	115,231	—	—	177,731
	2019	65,000	141,145	—	—	206,145
L. Don Miller						
Supervisory Director	2020	34,959	64,456	—	—	99,415
D. Keith Mosing						
Supervisory Director	2020	47,500	115,231	—	—	162,731
	2019	50,000	141,145	—	—	191,145
Kirkland D. Mosing						
Supervisory Director	2020	47,500	115,231	—	—	162,731
	2019	50,000	141,145	—	—	191,145
Erich L. Mosing						
Supervisory Director	2020	25,247	64,456	—	—	89,703
Melanie Trent						
Supervisory Director	2020	68,448	115,231	—	—	183,679
	2019	62,645	88,383	—	—	151,028
Alexander Vriesendorp						
Supervisory Director	2020	57,500	115,231	—	—	172,731
	2019	60,000	141,145	—	—	201,145
William B. Berry						
Former Supervisory Director	2020	29,423	50,775	—	—	80,198
	2019	80,000	141,145	—	—	221,145
S. Brent Mosing						
Former Supervisory Director	2020	22,253	50,775	—	—	73,028
	2019	50,000	141,145	—	—	191,145
Total:	2020	$ 1,195,187	$ 3,772,970	$ 354,825	$ 19,870	$ 5,342,852
	2019	$ 1,242,224	$ 3,366,671	$ 502,500	$ 12,600	$ 5,123,995

	Year	Salary ($)(2)	Stock Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(4)	Total
Managing Directors						
Steven Russell						
Senior Vice President, Operations	2020	$ 354,819	$ 371,600	$ 177,413	$ 26,363	$ 930,195
	2019	221,322	157,747	146,550	7,456	533,075
John Symington						
Senior Vice President, General Counsel, Secretary and Chief Compliance Officer	2020	354,819	347,574	133,059	25,214	860,666
	2019	221,705	152,069	109,798	6,555	490,127
Melissa Cougle						
Senior Vice President and Chief Financial Officer	2020	340,626	270,161	170,316	11,957	793,060
Total:	2020	$ 1,050,264	$ 989,335	$ 480,788	$ 63,534	$ 2,583,921
	2019	$ 443,027	$ 309,816	$ 256,348	$ 14,011	$ 1,023,202

(1) Amounts reported in this table include remuneration to both the Company's Supervisory and Managing Directors for the current and prior fiscal year pursuant to reporting requirements under Dutch law. Furthermore, pursuant to the reporting requirements under Dutch law, amounts reported under the "Stock Awards" column and the "Non-Equity Incentive Plan Compensation" column, respectively, reflect the amounts actually expensed by the Company in fiscal 2020 and 2019.

(2) Mr. Michael Kearney serves as a Supervisory Director and the Company's Chief Executive Officer and President. The amounts in this column for Mr. Kearney and the Managing Directors reflect their salaries as employees of the Company. For the other Supervisory Directors, the amounts reflected were director fees earned for the 2020 and 2019 periods. Mr. Berry and Mr. S. Brent Mosing served Supervisory Directors until June 10, 2020. Amounts for Supervisory Directors consist of fees paid to directors for service on the Supervisory Board, Audit Committee, Nominating and Governance Committee and Compensation Committee, as applicable. The 2020 director compensation program consisted of:

- a base annual retainer valued at approximately $200,000, of which $50,000 was paid in the form of an annual cash retainer and the remaining $150,000 was paid in a grant of restricted stock units under the LTIP;
- an additional annual retainer for the Company's Audit Committee Chairman and each Audit Committee member of $20,000 and $10,000, respectively;
- an additional annual amount of $20,000 for the Lead Supervisory Director;
- an additional annual retainer for the non-executive chairman of the Supervisory Board, if applicable, of $120,000, of which $80,000 is to be paid in the form of an annual cash retainer, and the remaining $40,000 is to be paid in a grant of restricted stock units under the LTIP;
- an additional annual retainer for the Company's Compensation Committee Chairman of $15,000;
- an additional annual retainer for each of the Company's other Compensation Committee members of $7,500; and
- an additional annual retainer for the Company's Nominating and Governance Committee Chairman of $10,000.

(3) The amounts reflected in this column represent the stock-based compensation expense relating to the RSUs and PRSUs for Directors for the years ended December 31, 2020 and 2019.

(4) For Mr. Kearney, Mr. Russell, Mr. Symington and Ms. Cougle, this column represents employer match contributions under the Company's 401(k) plan, employer paid medical benefits, and employer paid group life insurance.

12. List of direct and indirect subsidiaries of Frank's International N.V. at December 31, 2020:

Entity Name	Place of Residence	% Ownership
Antelope Oil Tools Limited	BVI	100
Blackhawk Group Holdings, LLC	Delaware	100
Blackhawk Intermediate Holdings, LLC	Delaware	100
Blackhawk Specialty Tools de México, S. de R.L. de C.V.	Mexico	100
Blackhawk Specialty Tools do Brasil Servicos de Petroleo Ltda.	Brazil	100
Blackhawk Specialty Tools, LLC	Texas	100
Elite Tubular Services Inc.	Malaysia	100
FI Mexico, S. de R.L. de C.V.	Mexico	100
FI Oilfield Services Canada ULC	Canada	100
Frank's (Shenzhen) Oil Field Technical Services Co., Ltd.	China	100
Frank's Canada Holding B.V.	Netherlands	100
Frank's Eiendom AS	Norway	100
Frank's France, S.A.R.L.	France	100
Frank's Internacional Ecuador CIA. LTDA.	Ecuador	100
Frank's International (Bermuda) Ltd.	Bermuda	100
Frank's International (BVI) Limited	BVI	100
Frank's International (Gibraltar) Limited	Gibraltar	100
Frank's International Americas B.V.	Netherlands	100
Frank's International AS	Norway	100
Frank's International Asset Management, Inc.	Texas	100
Frank's International Brasil Ltda.	Brazil	100
Frank's International C.V.	Netherlands	100
Frank's International Coöperatief U.A.	Netherlands	100
Frank's International GmbH	Germany	100
Frank's International GP, LLC	Delaware	100
Frank's International Guyana, Inc.	Guyana	100
Frank's International Hungary Kft.	Hungary	100
Frank's International ITL Ltd	BVI	100
Frank's International Libya for Oil Services Joint Venture Company	Libya	65
Frank's International Limited	UK	100
Frank's International LP B.V.	Netherlands	100
Frank's International Management B.V.	Netherlands	100
Frank's International Middle East (BVI) Ltd	BVI	100
Frank's International Middle East FZCO	Dubai, UAE	100
Frank's International Middle East FZCO Sarl	Gabon	100
Frank's International Middle East LLC	Dubai, UAE	49*
Frank's International NAPC SDN BHD	Malaysia	100
Frank's International Oilfield Services (Nigeria) Limited	Nigeria	40*
Frank's International Operations B.V.	Netherlands	100
Frank's International Partners B.V.	Netherlands	100
Frank's International Peru S.R.L.	Peru	100
Frank's International S.R.L.	Italy	100
Frank's International SDAD. LTDA.	Panama	100

Frank's International Sdn Bhd	Brunei	100
Frank's International Services (Ghana) Limited	Ghana	90
Frank's International Services Doha LLC	Qatar	49*
Frank's International South America Ltd	BVI	100
Frank's International Trinidad Unlimited	Trinidad & Tobago	100
Frank's International Tubular Products Ltd	BVI	100
Frank's International Venezuela B.V.	Netherlands	100
Frank's International Venezuela S.C.A.	Venezuela	100
Frank's International West Africa (B.V.I.) Limited	BVI	100
Frank's International, LLC	Texas	100
Frank's International, LP	Delaware	100
Frank's Latin America B.V.	Netherlands	100
Frank's Oilfield (Africa) Limited	BVI	100
Frank's Oilfield Services, Limited	BVI	100
Frank's Properties Lowestoft Limited	UK	100
Frank's Property AS	Norway	100
Frank's Rawabi (S.A.) Ltd	Saudi Arabia	49*
Frank's Trinidad Holding B.V.	Netherlands	100
Frank's Tubular Limited	BVI	100
Frank's Tubulars International Limited	UK	100
Frank's Logistic Singapore PTE LTD	Singapore	100
Frank's Oilfield Services (AUST) PTY LTD	Australia	100
Frank's Properties Aberdeen Limited	UK	100
Gulf Oil Middle East Co. Ltd.	Saudi Arabia	100
Gulf Oilfield (Middle East) Limited	BVI	100
Integrated Services (Intl) Limited	UK	100
International Tubular Services Limited	BVI	100
Oilfield Equipment Rentals B.V.	Netherlands	100
Oilfield Equipment Rentals Limited	Ireland	100
Oilfield Equipment Rentals Limited	Dubai / Jebel Ali Free Zone	100
Oilfield Equipment Rentals Senegal SUARL	Senegal	100
Paramode Limited	UK	100
Pilot Drilling Control (Engineering) Limited	UK	100
Pilot Drilling Control Limited	UK	100
Premium Connection Nigeria Limited	Nigeria	100
PT. Frank's Indonesia	Indonesia	100
Queen's Row Properties, LLC	Texas	100
Selaut Oil Tools Services SDN. BHD.	Malaysia	30*
Trinity Tool Rentals, L.L.C.	Louisiana	100

* Control through contractual agreement

Signing of the Financial Statements

Mastenmakersweg 1, 1786 PB Den Helder, the Netherlands
May 6, 2021
Frank's International N.V.

Board of Managing Directors,

/s/ Steven Russell
Steven Russell
Managing Director

/s/ John Symington
John Symington
Managing Director

/s/ Melissa Cougle
Melissa Cougle
Managing Director

Board of Supervisory Directors,

/s/ Michael C. Kearney
Michael C. Kearney
Chairman, President and Chief Executive Officer

/s/ Michael E. McMahon
Michael E. McMahon
Lead Supervisory Director

/s/ Robert W. Drummond
Robert W. Drummond
Supervisory Director

/s/ L. Don Miller
L. Don Miller
Supervisory Director

/s/ D. Keith Mosing
D. Keith Mosing
Supervisory Director

/s/ Erich L. Mosing
Erich L. Mosing
Supervisory Director

/s/ Kirkland D. Mosing
Kirkland D. Mosing
Supervisory Director

/s/ Melanie M. Trent
Melanie M. Trent
Supervisory Director

/s/ Alexander Vriesendorp
Alexander Vriesendorp
Supervisory Director

Other Information

The Company’s branches include the following:

Frank's International (BVI) Ltd. - Argentina Branch
Frank’s International (Bermuda) Ltd. - Barbados Branch
Frank’s International Coöperatief U.A. - Greece Branch
Frank’s International ITL Ltd - Gabon Branch
Frank’s International ITL Ltd - India Branch
Frank’s International ITL Ltd - Kazakhstan Branch
Frank’s International ITL Ltd - South Africa Branch
Frank’s International Limited - Cyprus Branch
Frank’s International Limited - Frank’s Astrakhan Russia Branch
Frank’s International Limited - Kazakhstan Branch
Frank’s International Middle East (BVI) Ltd - Abu Dhabi Branch
Frank’s International Middle East (BVI) Ltd - Angola Branch
Frank’s International Middle East (BVI) Ltd - Azerbaijan Branch
Frank’s International Middle East (BVI) Ltd - Bahrain Branch
Frank’s International Middle East (BVI) Ltd - Egypt Branch
Frank’s International Middle East (BVI) Ltd - India (Project Office) Branch
Frank’s International Middle East (BVI) Ltd - Road Town Sucursala Bucuresti (Romania) Branch
Frank’s International Middle East (BVI) Ltd - Tanzania Branch
Frank’s International Middle East FZCO - Qatar Branch
Frank’s International Middle East FZCO - Tunisia Branch
Frank’s International Middle East FZCO Sarl - Equatorial Guinea Branch
Frank’s International SDAD., LTDA. - Frank’s International Sucursal Colombia Branch
Frank’s International Trinidad Unlimited - Suriname Branch
Frank’s International West Africa (B.V.I) Ltd - Cameroon Branch
Frank’s International West Africa (B.V.I.) Ltd - Congo Branch
Frank’s International West Africa (B.V.I.) Ltd - Cote D’Ivoire Branch
Frank’s International West Africa (B.V.I.) Ltd - Gabon Branch
Frank’s International West Africa (B.V.I.) Ltd - Ghana Branch
Frank’s International West Africa (B.V.I.) Ltd - Kenya Branch
Frank’s International West Africa (B.V.I.) Ltd - Liberia Branch
Frank’s International West Africa (B.V.I.) Ltd - Mauritania Branch
Frank’s International West Africa (B.V.I.) Ltd - Morocco Branch
Frank’s International West Africa (B.V.I.) Ltd - Mozambique Branch
Frank’s International West Africa (B.V.I.) Ltd - Senegal Branch
Frank’s International West Africa (B.V.I.) Ltd - South Africa Branch
Frank’s Oilfield Services (AUST) PTY LTD - New Zealand Branch
Frank’s Oilfield Services, Limited - Sakhalin Branch
Frank’s Tubulars International Limited - Israel Branch

Provision in the Articles of Association Governing the Appropriation of Profits

Article 31 of the amendment to the Articles of Association reads:

Article 31. Profits

31.1 The Board of Managing Directors, subject to the approval of the board of supervisory directors, shall determine which portion of the profits earned in the past financial year, shall be reserved and which portion shall be distributed as dividends to the shareholders.

31.2 The company can only make distributions to the extent its equity exceeds the paid and called up part of the capital increased with the reserves, which must be maintained pursuant to the law.

31.3 Dividends shall be paid after the adoption of the Annual Accounts evidencing that the payment of dividends is lawful.

31.4 The Board of Managing Directors may, with the approval of the board of supervisory directors, resolve to pay interim dividends, if the requirement of paragraph 2 of this article has been met as evidenced by an interim statement of assets and liabilities.

Such interim statement shall relate to the condition of such assets and liabilities on a date no earlier than the first day of the third month preceding the month in which the resolution to distribute is published. It shall be prepared on the basis of generally acceptable valuation methods. The amounts to be reserved by law shall be included in such statement of assets and liabilities. The interim statement of assets and liabilities shall be signed by the managing directors, if the signature of one of them is missing, this fact and the reason for such omission shall be stated.

The company shall deposit the statement of assets and liabilities with the trade register within eight days after the day on which the resolution to distribute is published.

31.5 The Board of Managing Directors may, with due observance of the provisions of paragraph 2 and 4, resolve to make distributions out of a reserve which need not be kept by law.

31.6 The Board of Managing Directors may, with due observance of the provisions of paragraph 2 and 4, resolve to pay, wholly or partly, dividends other than in cash.

31.7 For the calculation of the amount to be distributed on the shares, the shares held by the company in its own capital shall not be taken into account. For the calculation of the amount to be distributed on each share, only the amount of the mandatory payments on the nominal value of the shares shall be taken into account. The foregoing may be deviated from with the consent of all shareholders.

31.8 A claim of a shareholder to receive a distribution expires after five years.

Independent Auditor's Report

Independent auditor's report

To: the General Meeting and the Board of Supervisory Directors of Frank's International N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Frank's International N.V. as of 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of Frank's International N.V. ('the Company') based in Den Helder, the Netherlands.

The financial statements include the consolidated financial statements and the company financial statements and comprise:

1. the consolidated and the company balance sheet as of December 31, 2020;
2. the consolidated and company profit and loss account for 2020;
3. the consolidated cash flow statement for 2020;
4. the consolidated statement of comprehensive loss for 2020 and
5. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Frank's International N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Audit approach

Summary

Materiality
Materiality of USD 3.5 million (0.9% of net turnover)

Group audit
— 75% of total assets — 78% of net turnover

Key audit matters
— Revenue recognition in respect of unbilled services and materials — Valuation of goodwill — US GAAP - Dutch GAAP adjustments

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 3.5 million (2019: USD 5 million). The materiality is determined with reference to net turnover of which it represents 0.9%(2019: 0.9%). The decrease in materiality compared to last year is the result of a decrease in net turnover in 2020. Consistent with prior year we consider net turnover as the most appropriate benchmark considering the nature and volatility of the business and the fact that profit before tax is negative. We have also taken into account any misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Supervisory Directors that unadjusted misstatements in excess of USD 175,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Frank's International N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Frank's International N.V..

Based on the size and the risk profile of the components, we requested KPMG US to perform the majority of the audit procedures, as KPMG US can make use of the procedures performed as part of auditing the Franks International N.V. US GAAP consolidated financial statements on form 10-K. Additional audit procedures were performed by KPMG the Netherlands in respect of the parent company financial statements for the US GAAP to Dutch GAAP adjustments. This resulted in a coverage of approximately 75% of total assets and approximately 78% of net turnover. The remaining net turnover and assets result from a number of components, of which none was deemed individually significant. For these remaining components, we performed, amongst others, review procedures to validate our assessment that there were no significant risks of material misstatement within these components.

We have:

- made use of the work of KPMG US when auditing the components in the US and other countries;
- performed specific audit procedures for the parent company financial statements in the Netherlands;
- performed audit procedures at group level in respect of the conversion of the US GAAP financial statements to the Dutch GAAP financial statements.

We provided detailed instructions to KPMG US as part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement identified by us, and set out the information required to be reported back to us. In view of restrictions on the movement of people across borders as a consequence of COVID-19, and also within significantly affected countries, we could not visit the KPMG US component auditor in the US like in prior years. We therefore considered changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. As a result, we have requested KPMG US to provide us with remote access to audit workpapers to perform these evaluations.

In addition, due to the inability to arrange in-person meetings with our component auditor we have increased the use of alternative methods of communication with them, including through written instructions, exchange of e-mails and virtual meetings. During our file review, the planning, audit approach, findings and observations reported to us were reviewed and discussed. Any further work deemed necessary was subsequently performed by the component auditor and reviewed by us.

By performing the procedures mentioned above at both group and component level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulation

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Directors. We refer to the Management Board report of the annual report where the Management Board included its risk assessment.

Our risk assessment

As part of our process of identifying fraud risks we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and we inquired Management Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an indirect effect:

- Human resource legislation;
- US Foreign Corrupt Practices Act;
- Health and safety regulation;
- Environmental regulation.

In accordance with the auditing standards we evaluated the following fraud risks that are relevant to our audit:

- fraud risk in relation to the revenue recognition in respect of unbilled services and materials; and
- fraud risk in relation to management override of controls.

We communicated identified risks of fraud and non-compliance throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to the component audit team of relevant fraud risks identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We communicated our risk assessment and audit response to management. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character. Our procedures to address the fraud risk related to revenue recognition are included in the key audit matter.

Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these fraud risks and supplementary substantive audit procedures. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.
- This included inquiries of management and those charged with governance, detailed testing of high risk journal entries and reconciliations to supporting documentation and an evaluation of key estimates and judgement by management. Furthermore, in relation to the correct recognition of revenues for the period prior to the financial year-end, we carried out inspection and testing of documentation such as agreements with customers and shipping documents.
- Assessment of matters reported on the Company's incident register/whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of fraud in revenue recognition we refer to the key audit matter Revenue recognition in respect of unbilled services and materials. In determining the audit procedures we made use of the Company’s evaluation in relation to fraud risk management (prevention, detections and response), including the set-up of ethical standards to create a culture of honesty and ethical behavior.
- As part of our evaluation of instances of fraud, we inquired the Company’s Compliance Officer regarding reported incidents and/or speak-up reports and follow up by management.
- We have tested management's entity level controls, controls over new vendor set up and legal process and related review controls.
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

As disclosed in note 19.4 to the consolidated financial statements, The Company is conducting an internal investigation of the operations of certain of its foreign subsidiaries in West Africa including possible violations of the U.S. Foreign Corrupt Practices Act (“FCPA”), its policies and other applicable laws. In June 2016, the Company voluntarily disclosed the existence of its extensive internal review to the SEC, the U.S. Department of Justice (“DOJ”) and other governmental entities. It is the Company’s intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While the Company’s review has not indicated that there has been any material impact on its previously filed financial statements, the Company has continued to collect information and cooperate with the authorities, but at this time it is unable to predict the ultimate resolution of these matters with these agencies.

As discussed above, the Company’s investigation into possible violations of the FCPA remains ongoing, and it will continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, the Company is unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to the Company.

With respect to the Company's investigation of the potential violations, the procedures we performed specifically to address the matter included the following:

— we utilized internal forensic specialists to assist us in assessing the scope and sufficiency for the Company's investigation as part of the initial audit procedures;

— we have considered the evidence available to date and met regularly with management, those charged with governance, management's external legal counsel and obtained lawyers letters to understand the current status of the investigation, and conclusions reached to date with respect to the related disclosures;

— we have obtained an understanding of the relevant activities and controls which the Company implemented as a result of the investigation and evaluate the design and implementation and operating effectiveness of those controls;

— we have inspected internal audit reports and made inquiries regarding the scope, procedures, results, and conclusions reached, noting no inconsistent information with our present understanding and no modifications to our procedures are necessary;

— we have tested management's entity level controls, controls over legal process and related review controls.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

Our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Supervisory Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no changes in the key audit matters compared to prior year.

Revenue recognition in respect of unbilled services and materials

Description

As disclosed in note 4.2 in the financial statements, management forms accruals for unrecognized revenue at year-end, based on revenue earned but not yet invoiced. We have determined that the presumed significant risk of fraud regarding revenue recognition relates only to the risk that revenue is recognized in the inappropriate period at year-end, such as sales that are accrued and included in unbilled services and materials. The risk is significant because the appropriateness of period-end revenue accruals is determined manually. The aggregate accrual is material to the financial statements, and thus there could potentially exist a material misstatement due to fraud related to the accrual if the revenue accrual is not recorded appropriately.

Our response

Our procedures for revenue recognition included, amongst others, assessing the appropriateness of revenue accruals at year-end ensuring that revenue has not been overstated to increase the revenue figures at year-end. We also assessed the appropriateness of the Company's accounting policies relating to revenue recognition in accordance with IFRS 15 that has been voluntary adopted under Dutch GAAP. In addition, we have tested the operating effectiveness of the Company's controls in the sales and receivable process including the monthly review of revenue accruals for completeness and accuracy based on provided supported documentation such as signed field tickets, delivery tickets and sales orders.

Furthermore, we tested manual revenue accrual entries whereby third party evidence was obtained as support for the reported balance as at year end such as signed field tickets, delivery tickets and sales orders. We have agreed to source documents to ensure the sale was recorded in the appropriate period and was accrued for the correct amount.

Our observation

The results of our procedures performed in respect of revenue recognition of unbilled services and materials at year-end were satisfactory and we assessed the related disclosures under note 4.2 and note 20 in the consolidated financial statements as appropriate.

Valuation of goodwill

Description

As discussed in note 6 to the consolidated financial statements, the Company has a goodwill balance of USD 34 million that is associated with the Cementing Equipment cash generating unit. We have deemed goodwill valuation a key audit matter, due to the associated risk relating to estimates and management judgments regarding revenues, cash flows and discount rate for this cash generating unit. These require complex estimates subject to differing interpretations and subjective assumptions that can have an impact on the conclusions of the impairment test.

During 2020 there was a trigger to perform an impairment assessment, and thus the Company performed the goodwill impairment assessment, but no impairment was recorded for the year ended 31 December 2020.

Our response

The revenue growth rates, discount rate, and terminal value assumptions used to estimate the fair value of the reporting unit were determined to be key assumptions as changes to those assumptions could have had a significant effect on the Company's assessment of the impairment of the goodwill.

The primary procedures we performed to address this key audit matter included the following. We inspected the method, assumptions, data and application of the method used by management. We evaluated the design and implementation and tested the operating effectiveness of certain internal controls over the Company's goodwill impairment assessment process, including controls related to the determination of the recoverable amount of the Cementing Equipment cash generating unit and the assumptions related to the revenue growth rates, discount rate, and terminal value assumptions. We compared the Company's historical forecasted revenue to actual results to assess the Company's ability to accurately forecast. Lastly, we involved a valuation professional with specialized skills and knowledge, who assisted in:

— evaluating the Company's discount rate, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable entities;

— evaluating the Company's forecasted revenue growth rates and terminal value for the Cementing Equipment cash generating unit, by comparing the growth assumptions to forecasted growth rates in the Company's and its peer companies' analyst reports; and

— recalculating the estimate of the Cementing Equipment cash generating unit's fair value using the cash generating unit's estimated future cash flows, discount rate, and terminal value.

Our observation

Based on our procedures performed, we conclude that the valuation of goodwill is appropriate and we assessed the related financial statement disclosures (note 6) in the consolidated financial statements as appropriate.

US GAAP -Dutch GAAP adjustments and compliance with Dutch accounting standards

Description

The Company's primary accounting records are maintained based on US GAAP, which is used for the filing with the SEC as the Company is listed at the NYSE. However, the statutory financial statements of the Company, filed in the Netherlands, have to be prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code (Dutch GAAP). Due to the complexity and non-routine character, as Dutch GAAP is not embedded in the primary accounting records, this conversion required significant attention during our audit.

Our response

We evaluated the completeness and accuracy of managements' conversion of the US GAAP financial statements to the Dutch GAAP financials statements by performing the following procedures:

- inquiry with management regarding changes in US GAAP and Dutch GAAP accounting policies applied;
- understanding design and implementation of controls in respect of the financial reporting process to report the US GAAP - Dutch GAAP adjustments;
- assess completeness of adjustments made based on own GAAP analysis performed;
- substantively test accuracy of adjustments made by recalculation of adjustments made.

Furthermore, we held regular meetings with management and with our component audit team and reviewed the component audit files, in order to identify events or transactions that occurred, that could result in a material different accounting treatment under Dutch GAAP compared to US GAAP.

Our observation

Based on our procedures performed, we consider the conversion from the US GAAP to Dutch GAAP financial statements to be appropriate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Managing Directors is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Board of Managing Directors as auditor of Frank's International N.V. on 2 November 2018, for the audit of the year 2018 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Managing Directors and the Board of Supervisory Directors for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Managing Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Board of Supervisory Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix to this auditor's report. This description forms part of our auditor's report.

Amstelveen, 6 May 2021

KPMG Accountants N.V.

L.A. Ekkels RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud or non-compliance is higher than the risk resulting from error, as fraud or non-compliance may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors;

— concluding on the appropriateness of the Board of Managing Directors use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Supervisory Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Supervisory Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.