

REFINITIV

## DELTA REPORT

### 10-Q

LBRT - LIBERTY ENERGY INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1202

■ CHANGES	299
■ DELETIONS	494
■ ADDITIONS	409

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **September 30, 2023** **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission File No. **001-38081**

**Liberty Energy Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

**81-4891595**

(State or Other Jurisdiction of  
Incorporation or Organization)

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

**950 17th Street, Suite 2400**  
**Denver, Colorado**

**80202**

(Address of Principal Executive Offices)

(Zip Code)

**(303) 515-2800**

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
<b>Class A Common Stock, par value \$0.01</b>	<b>LBRT</b>	<b>New York Stock Exchange</b>

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company  (Do not check if a smaller reporting company)

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

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

As of **October 16, 2023**, **April 15, 2024**, the **Registrant** had **168,608,327** **166,651,693** shares of Class A Common Stock and 0 shares of Class B Common Stock outstanding.

Our Class A Common Stock is traded on the New York Stock Exchange under the symbol "LBRT." There is no public market for our Class B Common Stock.

[Table of Contents](#)

## TABLE OF CONTENTS

	Page No.
<b>PART I</b>	
<b>FINANCIAL INFORMATION</b>	
<b>Item 1.</b>	
<b>Financial Statements (Unaudited)</b>	1
<b>Condensed Consolidated Balance Sheets</b>	1
<b>Condensed Consolidated Statements of IncomeOperations</b>	2
<b>Condensed Consolidated Statements of Comprehensive Income</b>	3
<b>Condensed Consolidated Statements of Changes in Equity</b>	4
<b>Condensed Consolidated Statements of Cash Flows</b>	5
<b>Notes to Condensed Consolidated Financial Statements</b>	7
<b>Item 2.</b>	22
<b>Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	20
<b>Item 3.</b>	31
<b>Quantitative and Qualitative Disclosure about Market Risk</b>	26
<b>Item 4.</b>	31
<b>Controls and Procedures</b>	26
<b>PART II</b>	
<b>OTHER INFORMATION</b>	32
<b>Item 1.</b>	27
<b>Legal Proceedings</b>	27
<b>Item 1A.</b>	32
<b>Risk Factors</b>	27
<b>Item 2.</b>	32
<b>Unregistered Sales of Equity Securities and Use of Proceeds</b>	27
<b>Item 3.</b>	32
<b>Defaults Upon Senior Securities</b>	27
<b>Item 4.</b>	32
<b>Mine Safety Disclosures</b>	27
<b>Item 5.</b>	32
<b>Other Information</b>	27
<b>Item 6.</b>	33
<b>Exhibits</b>	28
<b>SIGNATURES</b>	34
	29

i

---

### [Table of Contents](#)

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") and certain other communications made by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange of 1934, as amended (the "Exchange Act"), including, among others, expected performance, future operating results, oil and natural gas demand and prices and the outlook for the oil and gas industry, future global economic conditions, the impact of the Russian invasion of Ukraine, improvements in operating procedures and technology, our business strategy and the business strategies of our customers, in addition to other estimates, and beliefs. For this purpose, any statement that is not a statement of historical fact should be considered a forward-looking statement. We may use the words "estimate," "outlook," "project," "forecast," "position," "potential," "likely," "believe," "anticipate," "assume," "plan," "expect," "intend," "achievable," "may," "will," "continue," "should," "could" and similar expressions to help identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. We cannot assure you that our assumptions and expectations will prove to be correct. Important factors, many of which are beyond our control, could cause our actual results to differ materially from those indicated or implied by forward-looking statements, including but not limited to the risks and uncertainties described in our most recently filed Annual Report for the year ended **December 31, 2022** December 31, 2023, this Quarterly Report, and other filings that we make with the U.S. Securities Exchange Commission (the "SEC"). We undertake no intention or obligation to update or revise any forward-looking statements, except as required by law, whether as a result of new information, future events or otherwise and readers should not rely on the forward-looking statements as representing the Company's views as of any date subsequent to the date of the filing of this Quarterly Report on Form 10-Q. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events.

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

ii

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### [Table of Contents](#)

#### PART I: FINANCIAL INFORMATION

##### **Item 1. Financial Statements (Unaudited)**

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Balance Sheets**  
(Dollars in **thousands**, except share data)

(Unaudited)

	September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
<b>Assets</b>	<b>Assets</b>				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Cash and cash equivalents	Cash and cash equivalents	\$ 26,603	\$ 43,676		
Accounts receivable—trade, net of allowances for credit losses of \$962 and \$884, respectively		499,291	410,308		
Cash and cash equivalents					
Cash and cash equivalents					
Accounts receivable, net of allowances for credit losses of \$939 and \$939, respectively					
Accounts receivable— related party	Accounts receivable— related party	21,023	—		
Unbilled revenue (including amounts from related parties of \$10,903 and \$13,854, respectively)		208,112	175,704		
Unbilled revenue (including amounts from related parties of \$51 and \$13,379, respectively)					
Inventories	Inventories	211,747	214,454		
Prepaid and other current assets	Prepaid and other current assets	100,848	112,531		
Total current assets	Total current assets	1,067,624	956,673		
Property and equipment, net	Property and equipment, net	1,613,437	1,362,364		
Finance lease right- of-use assets	Finance lease right- of-use assets	135,114	41,771		
Operating lease right-of-use assets					
Other assets (including amounts from related parties of \$0 and \$14,785, respectively)					
Operating lease right-of-use assets		98,361	97,232		

Other assets (including amounts from related parties of \$14,656 and \$11,799, respectively)	153,349	105,300
Deferred tax assets	21,238	12,592
<b>Total assets</b>		
<b>Total assets</b>		
<b>Total assets</b>	<b>Total assets</b>	<b>\$3,089,123</b>
<b>Liabilities and Equity</b>	<b>Liabilities and Equity</b>	<b>\$2,575,932</b>
<b>Current liabilities:</b>	<b>Current liabilities:</b>	
Accounts payable (including payables to related parties of \$0 and \$2,629, respectively)	\$ 358,595	\$ 326,818
Accrued liabilities (including amounts due to related parties of \$0 and \$730, respectively)	268,018	276,819
Current liabilities:		
Current liabilities:		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued liabilities		
Income taxes payable	Income taxes payable	94,773 2,294
Deferred revenue		16,774 3,859
Current portion of long-term debt, net of discount of \$0 and \$730, respectively		— 1,020
Current portion of payable pursuant to tax receivable agreements		
Current portion of finance lease liabilities		
Current portion of finance lease liabilities		
Current portion of finance lease liabilities	Current portion of finance lease liabilities	28,020 11,393
Current portion of operating lease liabilities	Current portion of operating lease liabilities	27,629 27,294
Total current liabilities	Total current liabilities	793,809 649,497
Long-term debt, net of discount of \$0 and \$540, respectively, less current portion		223,000 217,426
Long-term debt		
Deferred tax liability	Deferred tax liability	1,040 1,044
Payable pursuant to tax receivable agreements	Payable pursuant to tax receivable agreements	114,842 118,874
Noncurrent portion of finance lease liabilities	Noncurrent portion of finance lease liabilities	98,112 22,490

Noncurrent portion of operating lease liabilities	Noncurrent portion of operating lease liabilities	69,758	69,295
Total liabilities	Total liabilities	1,300,561	1,078,626
Commitments & contingencies (Note 14)	Commitments & contingencies (Note 14)		Commitments & contingencies (Note 14)
Stockholders' equity:	Stockholders' equity:		
Preferred Stock, \$0.01 par value, 10,000 shares authorized and none issued and outstanding	Preferred Stock, \$0.01 par value, 10,000 shares authorized and none issued and outstanding	—	—
Preferred Stock, \$0.01 par value, 10,000 shares authorized and none issued and outstanding	Preferred Stock, \$0.01 par value, 10,000 shares authorized and none issued and outstanding		
Common Stock:	Common Stock:		
Class A, \$0.01 par value, 400,000,000 shares authorized and 168,608,327 issued and outstanding as of September 30, 2023 and 178,753,125 issued and outstanding as of December 31, 2022		1,686	1,788
Class B, \$0.01 par value, 400,000,000 shares authorized and none issued and outstanding as of September 30, 2023 and 250,222 issued and outstanding as of December 31, 2022		—	3
Class A, \$0.01 par value, 400,000,000 shares authorized and 165,201,928 issued and outstanding as of March 31, 2024 and 166,610,199 issued and outstanding as of December 31, 2023			
Class A, \$0.01 par value, 400,000,000 shares authorized and 165,201,928 issued and outstanding as of March 31, 2024 and 166,610,199 issued and outstanding as of December 31, 2023			
Class A, \$0.01 par value, 400,000,000 shares authorized and 165,201,928 issued and outstanding as of March 31, 2024 and 166,610,199 issued and outstanding as of December 31, 2023			

Class B, \$0.01 par value, 400,000,000 shares authorized and none issued and outstanding			
Additional paid in capital	Additional paid in capital	1,123,967	1,266,097
Retained earnings	Retained earnings	671,924	234,525
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(9,015)	(7,396)
Total stockholders' equity	Total stockholders' equity	1,788,562	1,495,017
Non-controlling interest		—	2,289
<b>Total equity</b>		<b>1,788,562</b>	<b>1,497,306</b>
Total liabilities and equity	<b>Total liabilities and equity</b>	<b>\$3,089,123</b>	<b>\$2,575,932</b>
<b>Total liabilities and equity</b>			
<b>Total liabilities and equity</b>			

See Notes to Condensed Consolidated Financial Statements.

1

[Table of Contents](#)

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Statements of ~~Income~~ Operations**  
**(In thousands, except per share data)**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended			
	September 30,		September 30,			
	2023	2022	2023	2022		
Three Months Ended March 31,				Three Months Ended March 31,		
Revenue:	Revenue:			2024	2023	
Revenue						
Revenue						
Revenue	Revenue	\$1,136,378	\$1,122,453	\$3,511,455	\$2,834,304	
Revenue— related parties	Revenue— related parties	79,527	65,794	161,515	89,332	
Total revenue	Total revenue	1,215,905	1,188,247	3,672,970	2,923,636	
Operating costs and expenses:	Operating costs and expenses:					

Cost of services (exclusive of depreciation, depletion, and amortization shown separately below)	Cost of services (exclusive of depreciation, depletion, and amortization shown separately below)	850,247	874,453	2,572,119	2,258,190
Cost of services (exclusive of depreciation, depletion, and amortization shown separately below)					
Cost of services (exclusive of depreciation, depletion, and amortization shown separately below)					
General and administrative	General and administrative	55,040	50,473	166,110	130,953
Transaction, severance, and other costs	Transaction, severance, and other costs	202	1,767	1,804	5,293
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization	108,997	82,848	303,093	234,815
Gain on disposal of assets		(3,808)	(4,277)	(6,981)	(3,041)
(Gain) loss on disposal of assets					
Total operating costs and expenses	Total operating costs and expenses	1,010,678	1,005,264	3,036,145	2,626,210
Operating income	Operating income	205,227	182,983	636,825	297,426
Other expense:	Other expense:				
Loss on remeasurement of liability under tax receivable agreements		—	28,900	—	33,233
Gain on investments		—	(2,525)	—	(2,525)
Interest income—related party					
Interest income—related party					
Interest income—related party	Interest income—related party	(531)	—	(1,254)	—
Interest expense, net	Interest expense, net	7,307	6,773	22,396	15,959
Total other expense		6,776	33,148	21,142	46,667
Total other expense, net					
Net income before income taxes	Net income before income taxes	198,451	149,835	615,683	250,759

Income tax expense	Income tax expense	49,843	2,572	151,658	3,637
Net income	Net income	148,608	147,263	464,025	247,122
Less: Net income attributable to non-controlling interests	Less: Net income attributable to non-controlling interests	—	310	91	389
Less: Net income attributable to non-controlling interests	Less: Net income attributable to non-controlling interests	—	310	91	389
Net income attributable to Liberty Energy Inc. stockholders per common share:	Net income attributable to Liberty Energy Inc. stockholders per common share:	\$ 148,608	\$ 146,953	\$ 463,934	\$ 246,733
Net income attributable to Liberty Energy Inc. stockholders per common share:	Net income attributable to Liberty Energy Inc. stockholders per common share:	Basic	Basic	Basic	Basic
Weighted average common shares outstanding:	Weighted average common shares outstanding:	Diluted	Diluted	Diluted	Diluted
Basic	Basic	169,781	185,508	173,135	185,414
Basic	Basic	173,984	189,907	177,284	190,465
Diluted	Diluted	173,984	189,907	177,284	190,465

See Notes to Condensed Consolidated Financial Statements.

2

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[Table of Contents](#)

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(In thousands)**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended		
	September 30,	2023	September 30,	2023	
	2023	2022	2023	2022	
Three Months Ended March 31,					Three Months Ended March 31,

		2024				2024				2023			
Net income	Net income	\$148,608	\$147,263	\$464,025	\$247,122								
Other comprehensive loss													
Other comprehensive loss													
(loss)													
Foreign currency translation													
Foreign currency translation													
Foreign currency translation	Foreign currency translation	(3,148)	(6,343)	(1,618)	(8,299)								
Comprehensive income	Comprehensive income	\$145,460	\$140,920	\$462,407	\$238,823								
Comprehensive income	Comprehensive income												
attributable to non-controlling interest	attributable to non-controlling interest	—	299	92	379								
Comprehensive income	Comprehensive income												
attributable to Liberty Energy Inc.	attributable to Liberty Energy Inc.	\$145,460	\$140,621	\$462,315	\$238,444								

See Notes to Condensed Consolidated Financial Statements.

3

[Table of Contents](#)

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Statements of Changes in Equity**  
**(In thousands, except per unit and per share data)**  
**(Unaudited)**

	Shares of	Shares of	Class A	Class B			Accumulated				
	Class A	Class B	Common	Common			Other				
	Common	Common	Stock, Par	Stock, Par	Additional Paid in	Retained	Comprehensive	Total Stockholders'		Non-controlling	
	Stock	Stock	Value	Value	Capital	Earnings	Loss	Equity	Interest		Total Equity
<b>Balance—December 31, 2022</b>	178,753	250	\$ 1,788	\$ 3	\$ 1,266,097	\$ 234,525	\$ (7,396)	\$ 1,495,017	\$ 2,289	\$	1,497,306
Exchange of Class B Common Stock for Class A Common Stock	250	(250)	3	(3)	2,360	—	—	2,360	(2,360)	—	—
Offering Costs	—	—	—	—	(223)	—	—	(223)	—	—	(223)
Deferred tax and tax receivable agreements impact of Liberty LLC merger into the Company	—	—	—	—	6,681	—	—	6,681	—	—	6,681
\$0.15/share of Class A Common Stock dividend	—	—	—	—	—	(26,535)	—	(26,535)	—	—	(26,535)
Share repurchases	(11,674)	—	(117)	—	(163,881)	—	—	(163,998)	(23)	—	(164,021)
Excise tax on share repurchases	—	—	—	—	(1,471)	—	—	(1,471)	—	—	(1,471)
Stock-based compensation expense	—	—	—	—	23,735	—	—	23,735	3	—	23,738
Vesting of restricted stock units	1,279	—	12	—	(11)	—	—	1	(1)	—	—
Tax withheld on vesting of restricted stock units	—	—	—	—	(9,320)	—	—	(9,320)	—	—	(9,320)
Currency translation adjustment	—	—	—	—	—	—	(1,619)	(1,619)	1	—	(1,618)
Net income	—	—	—	—	—	463,934	—	463,934	91	—	464,025
<b>Balance—September 30, 2023</b>	<b>168,608</b>	<b>—</b>	<b>\$ 1,686</b>	<b>\$ —</b>	<b>\$ 1,123,967</b>	<b>\$ 671,924</b>	<b>\$ (9,015)</b>	<b>\$ 1,788,562</b>	<b>\$ —</b>	<b>\$</b>	<b>1,788,562</b>

	Shares of Class A	Shares of Class B	Class A Common	Class B Common	Additional Paid in			Accumulated Other	Total Stockholders'
	Common Stock	Common Stock	Stock, Par Value	Stock, Par Value	Capital	Retained Earnings	Comprehensive (Loss)	Equity	
<b>Balance—December 31, 2023</b>	166,610	—	\$ 1,666	\$ —	\$ 1,093,498	\$ 752,328	\$ (6,084)	\$ 1,841,408	
\$0.07/share of Class A Common Stock dividend	—	—	—	—	—	(11,964)	—	—	(11,964)
Share repurchases	(1,480)	—	(15)	—	(30,152)	—	—	—	(30,167)
Excise tax on share repurchases	—	—	—	—	(289)	—	—	—	(289)
Stock-based compensation expense	—	—	—	—	7,327	—	—	—	7,327
Vesting of restricted stock units	72	—	1	—	(1)	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	(3,723)	(3,723)
Net income	—	—	—	—	—	81,892	—	—	81,892
<b>Balance—March 31, 2024</b>	<b>165,202</b>	<b>—</b>	<b>\$ 1,652</b>	<b>\$ —</b>	<b>\$ 1,070,383</b>	<b>\$ 822,256</b>	<b>\$ (9,807)</b>	<b>\$ 1,884,484</b>	

	Shares		Class B									
	Shares of	of Class	Class A	Common	(Accumulated	Accumulated						
	Class A	B	Common	Stock,	Deficit)	Other	Total	Non-				
	Common	Common	Stock,	Par	Additional Paid	Retained	Comprehensive	Stockholders'	controlling			
<b>Balance—December 31, 2021</b>	183,385	2,632	\$ 1,834	\$ 26	\$ 1,367,642	\$ (155,954)	\$ (306)	\$ 1,213,242	\$ 17,197	\$ 1,230,439		
<b>Shares of Class A</b>												
Common Stock												
<b>Balance—December 31, 2022</b>												
Exchange of Class B Common Stock for Class A Common Stock	2,306	(2,306)	23	(23)	15,817	—	—	15,817	(15,817)	—		
Offering Costs	—	—	—	—	(79)	—	—	(79)	—	(79)		
Other distributions and advance payments to non-controlling interest unitholders	—	—	—	—	—	—	—	—	924	924		
Deferred tax and tax receivable agreements impact of Liberty LLC merger into the Company												
Deferred tax and tax receivable agreements impact of Liberty LLC merger into the Company												
Deferred tax and tax receivable agreements impact of Liberty LLC merger into the Company												
\$0.05/share of Class A Common Stock dividend												

Share repurchases	Share repurchases	(4,702)	—	(47)	—	(69,987)	—	(70,034)	(60)	(70,094)	
Excise tax on share repurchases											
Stock-based compensation expense	Stock-based compensation expense	—	—	—	—	17,031	—	—	17,031	95	17,126
Vesting of restricted stock units	Vesting of restricted stock units	1,170	—	12	—	8	—	—	20	(20)	—
Tax withheld on vesting of restricted stock units		—	—	—	—	(9,701)	—	—	(9,701)	—	(9,701)
Currency translation adjustment											
Currency translation adjustment	Currency translation adjustment	—	—	—	—	—	—	(8,289)	(8,289)	(10)	(8,299)
Net income	Net income	—	—	—	—	—	246,733	—	246,733	389	247,122
Balance—September 30, 2022		182,159	326	\$1,822	\$ 3	\$1,320,731	\$ 90,779	\$ (8,595)	\$1,404,740	\$ 2,698	\$1,407,438
Balance—March 31, 2023											

See Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(Dollars in thousands)  
(Uaudited)

		Nine Months Ended September 30, 2023		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
Cash flows from operating activities:	Cash flows from operating activities:						
Net income							
Net income							
Net income	Net income	\$464,025	\$247,122				
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:						

Depreciation, depletion, and amortization	Depreciation, depletion, and amortization	303,093	234,815
Gain on disposal of assets		(6,981)	(3,041)
Inventory write-down		2,202	1,724
Non-cash lease expense		2,148	3,085
Depreciation, depletion, and amortization			
Depreciation, depletion, and amortization			
(Gain) loss on disposal of assets			
Stock-based compensation expense	Stock-based compensation expense	23,738	17,126
Deferred income tax expense		—	316
Loss on remeasurement of liability under tax receivable agreements		—	33,233
Other non-cash income		(1,047)	(1,007)
Other non-cash items, net			
Other non-cash items, net			
Other non-cash items, net			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue			
Accounts receivable and unbilled revenue			
Accounts receivable and unbilled revenue	Accounts receivable and unbilled revenue	(120,554)	(250,471)
Accounts receivable and unbilled revenue—related party	Accounts receivable and unbilled revenue—related party	(6,273)	(36,295)
Inventories	Inventories	461	(56,472)
Other assets		(43,335)	(31,030)
Deferred revenue		7,722	(3,476)
Prepaid and other assets			
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	97,704	143,986
Accounts payable and accrued liabilities—related party		—	(4,696)
Accounts payable and accrued liabilities			
Accounts payable and accrued liabilities			

Initial payment of operating lease liability	Initial payment of operating lease liability	(3,062)	(2,309)
Net cash provided by operating activities	Net cash provided by operating activities	719,841	292,610
<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>		
Purchases of property and equipment and construction in-progress	Purchases of property and equipment and construction in-progress	(465,212)	(326,960)
Investment in sand logistics		—	(6,721)
Investments in Oklo Inc. (2023) and Fervo Energy Company and Natron Energy, Inc. (2022)		(10,000)	(15,000)
Acquisition of Siren Energy, net of cash received		(75,656)	—
Purchases of property and equipment and construction in-progress			
Purchases of property and equipment and construction in-progress			
Proceeds from sale of assets			
Proceeds from sale of assets			
Proceeds from sale of assets	Proceeds from sale of assets	22,433	14,806
Net cash used in investing activities	Net cash used in investing activities	(528,435)	(333,875)
<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>		
Proceeds from borrowings on line-of-credit	Proceeds from borrowings on line-of-credit	873,000	543,000
Repayments of borrowings on line-of-credit		(765,000)	(411,000)
Proceeds from borrowings on line-of-credit			
Proceeds from borrowings on line-of-credit			
Repayments on borrowings on line-of-credit			
Repayments of borrowings on term loan	Repayments of borrowings on term loan	(104,716)	(1,313)
Payments on finance lease obligations	Payments on finance lease obligations	(10,483)	(4,791)

Class A Common	Class A Common		
Stock dividends	Stock dividends		
and dividend	and dividend		
equivalents upon	equivalents upon		
restricted stock	restricted stock		
vesting	vesting	(26,011)	(148)
Payments of			
payables pursuant			
to tax receivable			
agreements			
Share repurchases			
Other distributions and advance			
payments to non-controlling interest			
unitholders		—	924
Share repurchases		(164,021)	(70,094)
Tax withholding on restricted stock units		(9,320)	(9,701)
Payments of equity issuance costs			
Payments of equity issuance costs			
Payments of equity issuance costs	Payments of equity issuance costs	(223)	(557)
Payments of debt issuance costs	Payments of debt issuance costs	(1,566)	(678)
Net cash (used in) provided by financing activities		(208,340)	45,642
Net (decrease) increase in cash and cash equivalents before translation effect		(16,934)	4,377
Net cash used in financing activities			
Net decrease in cash and cash equivalents before translation effect			
Translation effect on cash	Translation effect on cash	(139)	(330)
Cash and cash equivalents—beginning of period	Cash and cash equivalents—beginning of period	43,676	19,998
Cash and cash equivalents—end of period	Cash and cash equivalents—end of period	\$ 26,603	\$ 24,045

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[Table of Contents](#)

**LIBERTY ENERGY INC.**  
**Condensed Consolidated Statements of Cash Flows (cont.)**  
(Dollars in thousands)  
(Uaudited)

	Nine Months Ended September 30,	
	2023	2022
Supplemental disclosure of cash flow information:		
Net cash paid for income taxes	\$ 56,174	\$ 6,502
Cash paid for interest	<u>\$ 19,518</u>	<u>\$ 13,622</u>

Non-cash investing and financing activities:			
Capital expenditures included in accounts payable and accrued liabilities	\$ 112,893	\$ 83,298	
Capital expenditures reclassified from prepaid and other current assets	\$ 34,413	\$ 12,445	
Three Months Ended March 31,			
	2024	2023	
Supplemental disclosure of cash flow information:			
Net cash paid (received) for income taxes	\$ 16,694	\$ (3,473)	
Cash paid for interest	\$ 7,450	\$ 5,765	
Non-cash investing and financing activities:			
Capital expenditures included in accounts payable and accrued liabilities	\$ 97,993	\$ 126,847	
Capital expenditures reclassified from prepaid and other current assets	\$ 18,291	\$ 8,060	
Capital expenditures reclassified from finance lease right-of-use assets	\$ 6,894	\$ —	

See Notes to Condensed Consolidated Financial Statements.

6

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Note 1—Organization and Basis of Presentation**

**Organization**

Liberty Energy Inc., formerly known as Liberty Oilfield Services Inc. (the “Company”), was incorporated as a Delaware corporation on December 21, 2016, to become a holding corporation for Liberty Oilfield Services New HoldCo LLC (“Liberty LLC”) and its subsidiaries upon completion of a corporate reorganization (the “Corporate Reorganization”) and planned initial public offering of the Company (“IPO”). On April 19, 2022, the stockholders of the Company approved an amendment to the Company’s Amended and Restated Certificate of Incorporation for the purpose of changing the Company’s name from “Liberty Oilfield Services Inc.” to “Liberty Energy Inc.” and thereafter, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Company’s Amended and Restated Certificate of Incorporation to reflect the new name, effective April 25, 2022.

Effective January 31, 2023, Liberty LLC was merged into the Company, with the Company surviving the merger (the “Merger”). In connection with the Merger, all outstanding shares of the Company’s Class B Common Stock, par value \$0.01 per share (the “Class B Common Stock”), were redeemed and exchanged for an equal number of shares of the Company’s Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”). The Company did not make any distributions or receive any proceeds in connection with this exchange. Please refer to The Merger did not have a significant impact on the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 10, 2023 (the “Annual Report”), for additional information on the Merger completed on January 31, 2023, and the Corporate Reorganization and IPO that were completed on January 17, 2018, consolidated financial statements.

The Company, together with its subsidiaries, is a leading integrated energy services and technology company focused on providing innovative hydraulic fracturing services and related technologies to onshore oil and natural gas exploration and production (“E&P”) companies in North America. We offer customers hydraulic fracturing services, together with complementary services including wireline services, proppant delivery solutions, field gas processing, compressed natural gas (“CNG”) delivery, data analytics, related goods (including our sand mine operations), and technologies that will to facilitate lower emission completions, thereby helping our customers reduce their emissions profile.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by GAAP for annual financial statements and should be read together with the annual financial statements and notes thereto included in the Annual Report.

The accompanying unaudited condensed consolidated financial statements and related notes present the condensed consolidated financial position of the Company as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, and the results of operations, cash flows, and equity of the Company as of and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, and cash flows for the nine months ended September 30, 2023 and 2022, 2023. The interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim period. The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results of operations expected for the entire fiscal year ended December 31, 2023 December 31, 2024. Further, these estimates and other factors, including those outside the Company’s control, such as the impact of sustained lower commodity prices, could have a significant adverse impact to the Company’s financial condition, results of operations, and cash flows.

All intercompany amounts have been eliminated in the presentation of the unaudited condensed consolidated financial statements of the Company. The Company’s operations are organized into a single reportable segment, which consists of hydraulic fracturing and related goods and services.

**Note 2—Significant Accounting Policies**

**Recently Issued Accounting Standards**

#### Segment Reporting: Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures*, which requires more detailed disclosures, on an annual and interim basis, related to the Company's reportable segment. The guidance is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Although the Company has only one reportable segment, the Company is currently assessing the impact of this ASU on the Company's financial statements.

7

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**LIBERTY ENERGY INC.**  
Notes to Condensed Consolidated Financial Statements  
(Unaudited)

#### Note 2—Significant Accounting Policies

##### Transaction, Severance, and Other Costs

The Company incurred transaction related costs in connection with the Siren Acquisition (as defined below). Such costs include investment banking, legal, accounting, and other professional services provided in connection with closing the transaction and are expensed as incurred.

##### Recently Adopted Accounting Standards Income Taxes: Improvements to Income Tax Disclosures

In October 2021, December 2023, the FASB issued ASU No. 2021-08, 2023-09, *Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* *Income Taxes: Improvements to Income Tax Disclosures*, which requires that disaggregation of certain components included in the acquiring entity recognize Company's effective tax rate and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, income taxes paid disclosures. The guidance is effective for annual periods beginning after December 15, 2024. The Company adopted is currently assessing the impact of this guidance effective December 15, 2022 and ASU on the adoption did Company's financial statements but does not expect it will have a material impact on the accompanying unaudited condensed consolidated financial statements, impact.

##### Siren Acquisition

On April 6, 2023, the Company completed the acquisition of a Permian focused integrated natural gas compression and compressed natural gas delivery business, Siren Energy ("Siren") & Logistics, LLC, for cash consideration of \$76.0 million \$75.7 million, after post-closing adjustments and net of cash received, (the "Siren Acquisition"). The Siren Acquisition was accounted for under the acquisition method of accounting for business combinations. Accordingly, the Company conducted assessments of the net assets acquired and recognized amounts for identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values, while transaction and integration costs associated with the acquisition were expensed as incurred. In connection with the Siren Acquisition, the Company recorded goodwill of \$42.0 million, \$42.0 million, property and equipment of \$34.9 million, \$34.9 million, net working capital of \$2.5 million, \$2.5 million, deferred revenue of \$5.2 million, \$5.2 million, and other assets of \$1.8 million, \$1.8 million. Goodwill is recorded in other assets and deferred revenue is recorded in accrued liabilities in the accompanying unaudited condensed consolidated balance sheets. Due to the immateriality of the Siren Acquisition, the related revenue and earnings, supplemental pro forma financial information, and detailed purchase price allocation are not disclosed.

*In accordance with ASC Topic 805, an acquirer is allowed a period, referred to as the measurement period, in which to complete its accounting for the transaction. Such measurement period ends at the earliest date that the acquirer a) receives the information necessary or b) determines that it cannot obtain further information, and such period may not exceed one year. As the Siren Acquisition closed on April 6, 2023, the Company is in the process of completing the initial purchase price allocation.*

##### Reclassifications

Certain amounts in the prior period financial statements have been reclassified including \$2.3 million from accrued liabilities to income taxes payable in the accompanying unaudited condensed consolidated balance sheets to conform to the presentation of the current period financial statements. Additionally, beginning in the third quarter of fiscal year 2023, the statement presentation. The Company combined amounts previously presented within "Effect of exchange on deferred tax asset, net of liability under tax receivable agreements" and "Deferred tax impact of ownership changes from issuance of Class A Common Stock" into "Deferred tax and tax receivable agreements impact of the Liberty LLC merger into the Company" in the accompanying unaudited condensed consolidated statements of changes in equity.

In the accompanying consolidated statement of cash flows, amounts in the prior period financial statements have been reclassified from "Amortization of debt issuance costs" and "Non-cash lease expense" into "Other non-cash items, net". Additionally, amounts in the prior period financial statements have been reclassified from "Deferred revenue" into "Accounts payable and accrued liabilities".

These reclassifications had no effect on the previously reported net income or loss.

#### Note 3—Inventories

Inventories consist of the following:

(\$ in thousands)	(\$ in thousands)	September 30,		December 31,		(\$ in thousands)	2024	March 31,	December 31,
		2023	2022	2023	2022				
Proppants	Proppants	\$ 17,691	\$ 31,350						
Chemicals	Chemicals	17,554	32,392						

Maintenance parts and other	Maintenance parts and other	176,502	150,712
		\$ 211,747	\$ 214,454
		\$	

During the three and nine months ended September 30, 2023 March 31, 2024, the Company did not record any write-downs to inventory carrying values. During the year ended December 31, 2023, the lower of cost or net realizable value analysis resulted in the Company recording a write-down to the inventory carrying value of \$0.0 million and \$2.2 million, respectively. During \$5.8 million during the year ended December 31, 2022, the lower of cost or net realizable value analysis resulted in the Company recording a write-down to the inventory carrying value of \$1.7 million recorded during the quarter ended September 30, 2022 December 31, 2023.

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Note 4—Property and Equipment**

Property and equipment consist of the following:

(\$ in thousands)	Estimated useful lives (in years)	(\$ in thousands)	September 30,		December 31,		Estimated useful lives (in years)	(\$ in thousands)	March 31, 2024
			Estimated useful lives (in years)	2023	2022	2024			
Land	Land		(in years)	\$ 29,255	\$ 29,276				
Field services equipment	Field services equipment	2-10		2,398,065	1,925,848				
Vehicles	Vehicles	4-7		63,155	62,683				
Lease equipment	Lease equipment	10		130,885	106,087				
Buildings and facilities	Buildings and facilities	5-30		138,713	135,281				
Mineral reserves	Mineral reserves	>25		76,823	76,823				
Office equipment and furniture	Office equipment and furniture	2-7		10,317	9,504				
				2,847,213	2,345,502				
				3,120,541					
Less accumulated depreciation and depletion	Less accumulated depreciation and depletion			(1,413,121)	(1,141,656)				
				1,434,092	1,203,846				
				1,510,192					
Construction in-progress	Construction in-progress	N/A		179,345	158,518				
Property and equipment, net	Property and equipment, net			\$ 1,613,437	\$ 1,362,364				

Depreciation expense for During the three months ended September 30, 2023 March 31, 2024 and 2022 was \$99.5 million and \$77.5 million, respectively. During the nine months ended September 30, 2023 and 2022, the Company recognized depreciation expense of \$280.9 million and \$219.9 million, respectively. Depletion expense for the three months ended September 30, 2023 March 31, 2024 and 2022 was \$0.3 million and \$0.3 million, respectively. Depletion expense for each of the nine months ended September 30, 2023 and 2022 was \$0.9 million.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company concluded that no triggering events that could indicate possible impairment of property and equipment had occurred, other than related to the assets held for sale discussed below.

As of **September 30, 2023** **March 31, 2024**, the Company classified **\$0.7** **\$1.2** million of land and **\$0.8** **\$2.8** million of buildings, net of accumulated depreciation, of **one** **two properties** that it intends to sell within the next year, and that **meets** **meet** the held for sale criteria, **to as** **as** assets held for sale, included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheet. The Company estimates that the carrying value of the assets is **equal to less than** the fair value less the estimated costs to sell, net of write-downs taken in the prior period, and therefore no gain or loss was recorded during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**.

Additionally, as of **December 31, 2022** **December 31, 2023**, the Company classified **\$1.1** **\$0.7** million of land and **\$6.2** **\$0.8** million of buildings, net of accumulated depreciation, of **two properties** **one property** that it intends to sell within **the next one** **year**, and that **meets** **meet** the held for sale criteria, **to as** **as** assets held for sale, included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheet. **One of the properties classified as held for sale as of December 31, 2022 was sold during the nine months ended September 30, 2023**, resulting in a nominal loss included as a component of (gain) loss on disposal of assets in the accompanying unaudited condensed consolidated statements of income.

As of **September 30, 2022** **March 31, 2023**, the Company classified **\$2.5** **\$1.1** million of land and **\$11.4** **\$6.2** million of buildings, net of accumulated depreciation, of **two properties** as assets held for sale. The Company estimated that carrying value of the assets was **greater than equal to** the fair value less the estimated costs to sell, **net of write-downs taken in the prior period**, and therefore recorded a **\$2.7** million **no gain or loss** **during the nine months ended September 30, 2022**, included as a component of gain on disposal of assets in the accompanying unaudited condensed consolidated statements of income. **was recorded**.

#### Note 5—Leases

The Company has operating and finance leases primarily for vehicles, equipment, railcars, office space, and facilities. The terms and conditions for these leases vary by the type of underlying asset.

Certain leases include variable lease payments for items such as property taxes, insurance, maintenance, and other operating expenses associated with leased assets. Payments that vary based on an index or rate are included in the measurement of lease assets and liabilities at the rate as of the commencement date. All other variable lease payments are excluded from the measurement of lease assets and liabilities, and are recognized in the period in which the obligation for those payments is incurred.

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

The components of lease expense for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Finance lease cost:</b>				
Amortization of right-of-use assets	\$ 6,444	\$ 1,590	\$ 11,008	\$ 3,796
Interest on lease liabilities	1,882	453	3,271	1,066
Operating lease cost	9,924	10,675	30,562	32,809
Variable lease cost	1,415	1,337	3,932	3,473
Short-term lease cost	1,954	2,121	6,359	5,113
<b>Total lease cost</b>	<b>\$ 21,619</b>	<b>\$ 16,176</b>	<b>\$ 55,132</b>	<b>\$ 46,257</b>

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
<b>Finance lease cost:</b>		
Amortization of right-of-use assets	\$ 8,911	\$ 2,236
Interest on lease liabilities	3,373	694
Operating lease cost	9,035	10,574
Variable lease cost	1,767	1,246
Short-term lease cost	1,022	2,051
<b>Total lease cost, net</b>	<b>\$ 24,108</b>	<b>\$ 16,801</b>

Supplemental cash flow and other information related to leases for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Supplemental cash flow and other information related to leases:</b>				
Amortization of right-of-use assets	\$ 6,444	\$ 1,590	\$ 11,008	\$ 3,796
Interest on lease liabilities	1,882	453	3,271	1,066
Operating lease cost	9,924	10,675	30,562	32,809
Variable lease cost	1,415	1,337	3,932	3,473
Short-term lease cost	1,954	2,121	6,359	5,113
<b>Total lease cost, net</b>	<b>\$ 21,619</b>	<b>\$ 16,176</b>	<b>\$ 55,132</b>	<b>\$ 46,257</b>

Cash paid for amounts included in measurement of liabilities:							
Operating leases	\$ 11,076	\$ 10,170	\$ 31,336	\$ 32,065			
Finance leases	7,288	2,548	13,749	5,857			
Right-of-use assets obtained in exchange for new lease liabilities:							
Operating leases	11,747	3,323	28,667	22,693			
Finance leases	88,125	8,409	105,298	14,742			

During the nine months ended September 30, 2022, the Company amended certain operating leases, the change in terms of which caused the leases to be reclassified as finance leases. In connection with the amendments, the Company wrote-off operating lease right-of-use assets of \$0.2 million and liabilities of \$0.1 million. Additionally, in connection with the amendments, the Company recognized finance lease right-of-use assets of \$2.7 million and liabilities of \$2.7 million. There was no gain or loss recognized as a result of these amendments. During the nine months ended September 30, 2023, the Company did not reclassify any operating or finance leases.

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in measurement of liabilities:		
Operating leases	\$ 9,055	9,877
Finance leases	12,627	2,936
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	4,242	4,562
Finance leases	30,138	2,789

Lease terms and discount rates as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term:		
Operating leases	4.4 years	4.8 years
Finance leases	3.4 years	3.1 years
Weighted-average discount rate:		
Operating leases	5.8 %	4.6 %
Finance leases	8.3 %	8.2 %

10

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term:		
Operating leases	4.2 years	4.3 years
Finance leases	3.3 years	3.3 years
Weighted-average discount rate:		
Operating leases	6.1 %	6.0 %
Finance leases	7.9 %	8.0 %

Future minimum lease commitments as of September 30, 2023 March 31, 2024 are as follows:

(\$ in thousands)	Finance	Operating
Remainder of 2023	\$ 9,750	\$ 8,484
2024	35,081	31,038
2025	34,542	29,103
2026	37,296	18,370
2027	20,975	8,270
Thereafter	—	15,054
Total lease payments	137,644	110,319
Less imputed interest	(11,512)	(12,932)

Total	\$ 126,132	\$ 97,387
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(\$ in thousands)	Finance	Operating
Remainder of 2024	\$ 43,633	\$ 24,083
2025	58,721	30,609
2026	60,803	19,423
2027	31,915	9,538
2028	23,539	2,574
Thereafter	7,021	12,569
Total lease payments	225,632	98,796
Less imputed interest	31,908	11,089
Total	\$ 193,724	\$ 87,707

The Company's vehicle leases typically include a residual value guarantee. For the Company's vehicle leases classified as operating leases, the total residual value guaranteed as of **September 30, 2023** **March 31, 2024** is **\$15.0 million** **\$14.8 million**; the payment is not probable and therefore has not been included in the measurement of the lease liability and right-of-use asset. For vehicle leases that are classified as finance leases, the Company includes the residual value guarantee, estimated in the lease agreement, in the financing lease liability.

10

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Lessor Arrangements**

The Company leases dry and wet sand containers and conveyor belts to customers through operating leases, where the lessor for tax purposes is considered to be the owner of the equipment during the term of the lease. The lease agreements do not include options for the lessee to purchase the underlying asset at the end of the lease term for either a stated fixed price or fair market value. However, some of the leases contain a termination clause in which the customer can cancel the contract. The leases can be subject to variable lease payments if the customer requests more units than what is agreed upon in the lease. The Company does not record any lease assets or liabilities related to these variable items.

The carrying amount of equipment leased to others, included in property, plant and equipment, under operating leases as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were as follows:

(\$ in thousands)	(\$ in thousands)	September 30, 2023	December 31, 2022	(\$ in thousands)	March 31, 2024	December 31, 2023
Lease equipment		\$130,885	\$106,087			
Equipment leased to others - at original cost						
Less: Accumulated depreciation	Less: Accumulated depreciation	(21,948)	(11,408)			
Lease equipment - net		\$108,937	\$ 94,679			
Equipment leased to others - net						

Future payments receivable for operating leases as of **September 30, 2023** **March 31, 2024** are as follows:

(\$ in thousands)	(\$ in thousands)
Remainder of 2023	\$ 3,996
2024	10,036
Remainder of 2024	
Remainder of 2024	
Remainder of 2024	

2025	2025	3,346
2026	2026	619
2027	2027	—
2028		
Thereafter	Thereafter	—
Total	Total	\$ 17,997

Revenues from operating leases for the three and nine months ended September 30, March 31, 2024 and 2023 were \$9.6 million \$9.1 million and \$27.8 million, respectively.

Revenues from operating leases for the three and nine months ended September 30, 2022 were \$6.7 million and \$18.4 million \$8.6 million, respectively.

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Note 6—Accrued Liabilities**

Accrued liabilities consist of the following:

(\$ in thousands)	(\$ in thousands)	September 30,		(\$ in thousands)	March 31, 2024	December 31, 2023
		2023	2022			
Accrued vendor invoices	Accrued vendor invoices	\$ 104,033	\$ 119,801			
Operations accruals	Operations accruals	73,270	72,348			
Accrued benefits and other	Accrued benefits and other	90,715	84,670			
		<u>\$ 268,018</u>	<u>\$ 276,819</u>			
		<u><u>\$</u></u>	<u><u>\$</u></u>			

**Note 7—Debt**

Debt consists of the following:

(\$ in thousands)	September 30,		December 31,	
	2023	2022	2023	2022
Term Loan outstanding	\$ —	\$ 104,716		
Revolving Line of Credit	223,000	115,000		
Deferred financing costs and original issue discount	—	(1,270)		
Total debt, net of deferred financing costs and original issue discount	<u>\$ 223,000</u>	<u>\$ 218,446</u>		
Current portion of long-term debt, net of discount	\$ —	\$ 1,020		
Long-term debt, net of discount and current portion	223,000	217,426		
Total debt, net of deferred financing costs and original issue discount	<u>\$ 223,000</u>	<u>\$ 218,446</u>		

(\$ in thousands)	March 31,		December 31,	
	2024	2023	2024	2023
Revolving Line of Credit	\$ 166,000	\$ 140,000		

On September 19, 2017, the Company entered into two credit agreements: agreements for (i) a revolving line of credit up to \$250.0 million, subsequently increased to \$525.0 million, see below, (the "ABL Facility") and (ii) a \$175.0 million term loan (the "Term Loan Facility", and together with the ABL Facility the "Credit Facilities").

Effective January 23, 2023, the Company entered into an Eighth Amendment to the ABL Facility (the "Eighth ABL Amendment"). The Eighth ABL Amendment amends certain terms, provisions and covenants of the ABL Facility, including, among other things: (i) increasing the maximum revolver amount from \$425.0 million to \$525.0 million (the "Upsized Revolver"); (ii) increasing the amount of the accordion feature from \$75.0 million to \$100.0 million; (iii) extending the maturity date from October 22, 2026 to January 23, 2028; (iv) modifying the dollar amounts of various credit facility triggers and tests proportionally to the Upsized Revolver; (v) permitting repayment under the Term Loan Facility prior to February 10, 2023; and (vi) increasing certain indebtedness, intercompany advance, and investment baskets. The Eighth ABL Amendment also includes an agreement from Wells

Fargo Bank, National Association, as administrative agent, to release its second priority liens and security interests on all collateral that served as first priority collateral under the Term Loan Facility. This release was completed during the three months ended June 30, 2023.

Additionally, on January 23, 2023, the Company borrowed \$106.7 million on the ABL Facility and used the proceeds to pay off and then terminate the Term Loan Facility. The amount paid includes the balance of the Term Loan Facility upon at payoff of \$104.7 million, \$0.9 million of accrued interest, and a \$1.1 million prepayment premium or 1% of the principal. Additionally, there were \$0.2 million in bank and legal fees incurred in connection with the payoff premium.

11

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

The weighted average interest rate on all borrowings outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was 7.4% 7.5% and 9.0% 7.6%, respectively.

**Term Loan Facility**

The Term Loan Facility provided for a \$175.0 million term loan. In connection with the Eighth ABL Amendment and payoff of the Term Loan Facility, on January 23, 2023, the Company terminated the Term Loan Facility, see above for further discussion.

**ABL Facility**

Under the terms of the ABL Facility, up to \$525.0 million may be borrowed, subject to certain borrowing base limitations based on a percentage of eligible accounts receivable and inventory. Based on the September 30, 2023 financials, As of March 31, 2024, the borrowing base was calculated to be \$521.2 million \$465.1 million, and the Company had \$223.0 million \$166.0 million outstanding in addition to letters of credit in the amount of \$2.6 million \$7.4 million, with \$295.6 million \$291.7 million of remaining availability. Borrowings under the ABL Facility bear interest at

12

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

SOFR Secured Overnight Financing Rate ("SOFR") or a base rate, plus an applicable SOFR margin of 1.5% to 2.0% or base rate margin of 0.5% to 1.0%, as described in the ABL Facility credit agreement (the "ABL Facility credit agreement" "Credit Agreement"). Additionally, borrowings as of September 30, 2023 March 31, 2024 incurred interest at a weighted average rate of 7.4% 7.5%. The average monthly unused commitment is subject to an unused commitment fee of 0.25% to 0.375%. Interest and fees are payable in arrears at the end of each month, or, in the case of SOFR loans, at the end of each interest period. The ABL Facility matures on January 23, 2028. Borrowings under the ABL Facility are collateralized by accounts receivable and inventory, and further secured by the Company as parent guarantor.

The ABL Facility includes certain non-financial covenants, including but not limited to restrictions on incurring additional debt and certain distributions. Moreover, the ability of the Company to incur additional debt and to make distributions is dependent on maintaining a maximum leverage ratio.

The ABL Facility is not subject to financial covenants unless liquidity, as defined in the ABL Facility credit agreement, Credit Agreement, drops below a specific level. The Company is required to maintain a minimum fixed charge coverage ratio, as defined in the ABL Facility credit agreement, Credit Agreement, of 1.0 to 1.0 for each period if excess availability is less than 10% of the borrowing base or \$52.5 million, whichever is greater.

The Company was in compliance with these covenants as of September 30, 2023 March 31, 2024.

Maturities of debt are as follows:

(\$ in thousands)	\$	—
Remainder of 2023	\$	—
2024	\$	—
2025	\$	—
2026	\$	—
2027	\$	—
Thereafter	<u>223,000</u>	<u>—</u>
	<u>\$</u>	<u>223,000</u>

(\$ in thousands)	\$	—
Remainder of 2024	\$	—
2025	\$	—
2026	\$	—

2027	—
2028	166,000
Thereafter	—
	\$ 166,000

#### Note 8—Fair Value Measurements and Financial Instruments

The fair values of the Company's assets and liabilities represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction on the reporting date. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability on the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. The Company discloses the fair values of its assets and liabilities according to the quality of valuation inputs under the following hierarchy:

- Level 1 Inputs: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2 Inputs: Inputs other than quoted prices that are directly or indirectly observable.
- Level 3 Inputs: Unobservable inputs that are significant to the fair value of assets or liabilities.

The classification of an asset or liability is based on the lowest level of input significant to its fair value. Those that are initially classified as Level 3 are subsequently reported as Level 2 when the fair value derived from unobservable inputs is inconsequential to the overall fair value, or if corroborating market data becomes available. Assets and liabilities that are initially reported as Level 2 are subsequently reported as Level 3 if corroborating market data is no longer available. Transfers occur at the end of the reporting period. There were no transfers into or out of Levels 1, 2, and 3 during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, accrued liabilities, long-term debt, and finance and operating lease obligations. These financial instruments do not

12

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

require disclosure by level. The carrying values of all of the Company's financial instruments included in the accompanying unaudited condensed consolidated balance sheets approximated or equaled their fair values on **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

- The carrying values of cash and cash equivalents, accounts receivable, and accounts payable (including accrued liabilities) approximated fair value on **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, due to their short-term nature.

13

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

- The carrying value of amounts outstanding under long-term debt agreements with variable rates approximated fair value on **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, as the effective interest rates approximated market rates.
- The carrying values of amounts outstanding under finance and operating lease obligations approximated fair value on **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, as the effective borrowing rates approximated market rates.

#### Nonrecurring Measurements

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but may be subject to fair value adjustments in certain circumstances. These assets and liabilities include those acquired through the Siren Acquisition, which are required to be measured at fair value on the acquisition date in accordance with ASC Topic 805. See Note 2—Significant Accounting Policies.

As of **September 30, 2023** **March 31, 2024**, the Company recorded \$1.2 million of land and \$2.8 million of buildings, net of accumulated depreciation, of two properties that met the held for sale criteria, to assets held for sale at a total fair value of \$3.4 million, which are included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheets. The Company estimated the fair value of the properties based on the listed selling price for the two properties, which is a Level 3 input. The Company estimates that the carrying value of the assets is less than the fair value less the estimated costs to sell, net of write-downs taken in the prior period, and therefore no gain or loss was recorded during the **three** months ended **March 31, 2024**.

As of **December 31, 2023**, the Company recorded \$0.7 million of land and \$0.8 million of buildings, net of accumulated depreciation, of one property that met the held for sale criteria, to assets held for sale at a total fair value of \$0.8 million, which are included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheets. The Company estimated the fair value of the property based on a communicated selling price for one property, which is a Level 3 input. The Company estimates that the carrying value of the assets is equal to the fair value less the estimated costs to sell, net of write-downs taken in the prior period, and therefore no gain or loss was recorded during the **nine** months ended **September 30, 2023**.

As of December 31, 2022, the Company recorded \$1.1 million of land and \$6.2 million of buildings of two properties that met the held for sale criteria, to assets held for sale at a total fair value of \$6.3 million, which are included in prepaid and other current assets in the accompanying unaudited condensed consolidated balance sheet. The Company estimated the fair value of the properties based on a purchase and sale agreement for one property and a communicated selling price, which are Level 3 inputs.

#### Recurring Measurements

The fair values of the Company's cash equivalents measured on a recurring basis pursuant to ASC 820-10 *Fair Value Measurements and Disclosures* are carried at estimated fair value. Cash equivalents consist of money market accounts which the Company has classified as Level 1 given the active market for these accounts. As of both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company had cash equivalents, measured at fair value, of \$0.3 million.

#### Nonfinancial assets

The Company estimates fair value to perform impairment tests as required on long-lived assets. The inputs used to determine such fair value are primarily based upon internally developed cash flow models and would generally be classified within Level 3 in the event that such assets were required to be measured and recorded at fair value within the unaudited condensed consolidated financial statements. No such measurements were required as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** as no triggering event was identified.

#### Credit Risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents, and trade receivables.

The Company's cash and cash equivalent balances on deposit with financial institutions total \$26.6 million and \$43.7 million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, which exceeded FDIC insured limits. The Company regularly monitors these institutions' financial condition.

The majority of the Company's customers have payment terms of 45 days or less.

As of **September 30, 2023** **March 31, 2024**, customer A accounted for 13% of total consolidated accounts receivable and unbilled revenue. As of **December 31, 2022** **December 31, 2023**, customer A no customers accounted for 11% 10% of total consolidated accounts receivable and unbilled revenue. During the three months ended **September 30, 2023** **March 31, 2024**, customer A accounted for 11% 15% of consolidated revenues. During the nine months ended **September 30, 2022** **March 31, 2023**, no customer B accounted for 12% of consolidated revenues. No other customers accounted for more than 10% of consolidated revenues, revenues during the respective periods.

13

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

The Company mitigates the associated credit risk by performing credit evaluations and monitoring the payment patterns of its customers.

14

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**LIBERTY ENERGY INC.**  
**Notes The Company applies historic loss factors to Condensed Consolidated Financial Statements**  
**(Unaudited)**

its receivable portfolio segments that are not expected to be further impacted by current economic developments, and an additional economic conditions factor to portfolio segments anticipated to experience greater losses in the current economic environment. While the Company has not experienced significant credit losses in the past and has not seen material changes to the payment patterns of its customers, the Company cannot predict with any certainty the degree to which unforeseen events may affect the ability of its customers to timely pay receivables when due. Accordingly, in future periods, the Company may revise its estimates of expected credit losses.

As of **September 30, 2023** both **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company had \$1.0 million and \$0.9 million, respectively, \$0.9 million in allowance for credit losses as follows:

(\$ in thousands)

Provision Allowance for credit losses on <b>December 31, 2022</b> <b>December 31, 2023</b>	\$ 884,939
Credit Losses: losses:	
Current period provision	78 —
Amounts written off, net of recoveries	—
Provision Allowance for credit losses on <b>September 30, 2023</b> <b>March 31, 2024</b>	\$ 962,939

#### Note 9—Equity

##### Restricted Stock Units

Restricted stock units ("RSUs") granted pursuant to the Long-Term Long Term Incentive Plan ("LTIP"), if they vest, will be settled in shares of the Company's Class A Common Stock. RSUs were granted with initial vesting terms up to three years. Changes in non-vested RSUs outstanding under the LTIP during the nine three months ended September 30, 2023 March 31, 2024 were as follows:

		Weighted Average Grant Date Fair Value per Unit	
		Number of Units	Weighted Average Grant Date Fair Value per Unit
Non-vested as of December 31, 2022		2,985,727	\$ 12.15
Granted	Granted	1,599,151	14.93
Vested	Vested	(1,416,456)	11.44
Forfeited	Forfeited	(104,290)	12.57
Outstanding at September 30, 2023		3,064,132	\$ 13.92
Outstanding as of March 31, 2024			

#### Performance Restricted Stock Units

Performance restricted stock units ("PSUs") granted pursuant to the LTIP, if they vest, will be settled in shares of the Company's Class A Common Stock. PSUs were granted with a three-year cliff vesting schedule, subject to a and performance period, with the vesting percentage of the target compared to an index award dependent on the satisfaction of competitors' results over the three-year period as designated performance goals set forth in the award, applicable award agreement. The Company records compensation expense based on the Company's best estimate of the number of PSUs that will vest at the end of the performance period. If such performance targets are not met, or are not expected to be met, no compensation expense is recognized and any recognized compensation expense is reversed. Changes in non-vested PSUs outstanding under the LTIP during the nine three months ended September 30, 2023 March 31, 2024 were as follows:

		Weighted Average Grant Date Fair Value per Unit	
		Number of Units	Weighted Average Grant Date Fair Value per Unit
Non-vested as of December 31, 2022		1,390,588	\$ 11.87
Granted	Granted	341,928	15.64
Vested	Vested	(392,948)	9.62
Forfeited	Forfeited	—	—
Outstanding at September 30, 2023		1,339,568	\$ 13.49
Outstanding as of March 31, 2024			

Stock-based compensation is included in cost of services and general and administrative expenses in the Company's unaudited condensed consolidated statements of income. operations. The Company recognized stock-based compensation expense of \$8.6 7.3 million and \$23.7 million \$7.2 million for the three and nine months ended September

30, 2023, respectively. The Company recognized stock-based compensation of \$6.1 million March 31, 2024 and \$17.1 million for the three and nine months ended September 30, 2022, 2023, respectively. There was approximately \$40.6 million \$40.7 million of unrecognized compensation expense relating to outstanding RSUs and PSUs as of September 30, 2023 March 31, 2024. The unrecognized compensation expense will be recognized on a straight-line basis over the weighted average remaining vesting period of two years.

## 15 Dividends

### LIBERTY ENERGY INC.

Notes The Company paid cash dividends of \$0.07 per share of Class A Common Stock on March 20, 2024 to Condensed Consolidated Financial Statements (Unaudited)

#### **Dividends stockholders of record as of March 6, 2024, which totaled \$11.6 million.**

The Company paid cash dividends of \$0.05 per share of Class A Common Stock on March 20, 2023, June 20, 2023, and September 20, 2023 to stockholders of record as of March 6, 2023, June 6, 2023, and September 6, 2023, respectively. During the three and nine months ended September 30, 2023 dividend payments totaled \$8.4 million and \$25.8 million, respectively.

Additionally, the Company paid the cash dividend upon vesting for the RSUs and PSUs with a 2023 vesting date, which totaled \$0.2 million for the nine months ended September 30, 2023 \$8.8 million.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had \$0.7 million \$1.3 million and \$0.2 million \$1.0 million of dividend equivalents payable related to RSUs and PSUs to be paid upon vesting, respectively. Dividends Dividend equivalents related to forfeited RSUs or PSUs will be forfeited.

#### **Share Repurchase Program**

On July 25, 2022, the Company's board of directors authorized and the Company announced a share repurchase program that allows allowed the Company to repurchase up to \$250.0 million of the Company's Class A Common Stock beginning immediately and continuing through and including July 31, 2024. Additionally, on January 24, 2023, the Board authorized and the Company announced an increase to of the share repurchase program that increased the Company's cumulative repurchase authorization to \$500.0 million. Furthermore, on January 23, 2024, the Board authorized and the Company announced an increase of the cumulative repurchase authorization to \$750.0 million and extended the authorization through July 31, 2026. The shares may be repurchased from time to time in open market or privately negotiated transactions or by other means in accordance with applicable state and federal securities laws. The timing, as well as the number and value of shares repurchased under the program, will be determined by the Company at its discretion and will depend on a variety of factors, including management's assessment of the intrinsic value of the Company's Class A Common Stock, the market price of the Company's Class A Common Stock, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements, and other considerations. The exact number of shares to be repurchased by the Company is not guaranteed, and the program may be suspended, modified, or discontinued at any time without prior notice. The Company expects to fund the any repurchases by using cash on hand, borrowings under the ABL Facility its revolving credit facility and expected free cash flow to be generated through the duration of the share repurchase program.

During the three months ended September 30, 2023 March 31, 2024, the Company repurchased and retired 1,784,899 1,480,084 shares of Class A Common Stock for \$29.3 million, \$30.2 million or \$16.40 \$20.38 average price per share including commissions, under the share repurchase program.

During the nine three months ended September 30, 2023 March 31, 2023, the Company repurchased and retired 11,673,886 5,166,730 shares of Class A Common Stock for \$164.0 million, \$74.6 million or \$14.05 \$14.45 average price per share including commissions, under the share repurchase program.

As of September 30, 2023 March 31, 2024, \$211.0 million \$391.8 million remained authorized for future repurchases of Class A Common Stock under the share repurchase program.

The Company accounts for the purchase price of repurchased common shares in excess of par value (\$0.01 per share of Class A Common Stock) as a reduction of additional paid-in capital, and will continue to do so until additional paid-in capital is reduced to zero. Thereafter, any excess purchase price will be recorded as a reduction to retained earnings.

As enacted by the Inflation Reduction Act of 2022, ("IRA"), the Company accrued stock repurchase excise tax of \$1.5 million \$0.3 million and \$0.5 million for the nine three months ended September 30, 2023 March 31, 2024 and 2023. As of March 31, 2024 and December 31, 2023 the Company had excise tax payables of \$2.2 million and \$1.9 million in accrued liabilities in the accompanying unaudited condensed consolidated balance sheets.

## 16 15

### LIBERTY ENERGY INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

#### **Note 10—Net Income per Share**

Basic net income per share measures the performance of an entity over the reporting period. Diluted net income per share measures the performance of an entity over the reporting period while giving effect to all potentially dilutive common shares that were outstanding during the period. The Company uses the "if-converted" method to determine the potential dilutive effect of its Class B Common Stock and the treasury stock method to determine the potential dilutive effect of outstanding RSUs and PSUs.

The following table reflects the allocation of net income to common stockholders and net income per share computations for the periods indicated based on a weighted average number of shares of Class A Common Stock and Class B Common Stock outstanding:

	Three Months Ended	Nine Months Ended
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(In thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Basic Net Income Per Share</b>				
<b>Numerator:</b>				
Net income attributable to Liberty Energy Inc. stockholders	\$ 148,608	\$ 146,953	\$ 463,934	\$ 246,733
<b>Denominator:</b>				
Basic weighted average common shares outstanding	169,781	185,508	173,135	185,414
Basic net income per share attributable to Liberty Energy Inc. stockholders	\$ 0.88	\$ 0.79	\$ 2.68	\$ 1.33
<b>Diluted Net Income Per Share</b>				
<b>Numerator:</b>				
Net income attributable to Liberty Energy Inc. stockholders	\$ 148,608	\$ 146,953	\$ 463,934	\$ 246,733
Effect of exchange of the shares of Class B Common Stock for shares of Class A Common Stock	—	258	71	389
Diluted net income attributable to Liberty Energy Inc. stockholders	\$ 148,608	\$ 147,211	\$ 464,005	\$ 247,122
<b>Denominator:</b>				
Basic weighted average shares outstanding	169,781	185,508	173,135	185,414
Effect of dilutive securities:				
Restricted stock units	4,203	326	4,121	910
Class B Common Stock	—	4,073	28	4,141
Diluted weighted average shares outstanding	173,984	189,907	177,284	190,465
Diluted net income per share attributable to Liberty Energy Inc. stockholders	\$ 0.85	\$ 0.78	\$ 2.62	\$ 1.30

(In thousands, except per share data)	Three Months Ended	
	March 31, 2024	March 31, 2023
<b>Basic Net Income Per Share</b>		
<b>Numerator:</b>		
Net income attributable to Liberty Energy Inc. stockholders	\$ 81,892	\$ 162,655
<b>Denominator:</b>		
Basic weighted average common shares outstanding	166,325	176,569
Basic net income per share attributable to Liberty Energy Inc. stockholders	\$ 0.49	\$ 0.92
<b>Diluted Net Income Per Share</b>		
<b>Numerator:</b>		
Net income attributable to Liberty Energy Inc. stockholders	\$ 81,892	\$ 162,655
Effect of exchange of the shares of Class B Common Stock for shares of Class A Common Stock	—	70
Diluted net income attributable to Liberty Energy Inc. stockholders	\$ 81,892	\$ 162,725
<b>Denominator:</b>		
Basic weighted average shares outstanding	166,325	176,569
Effect of dilutive securities:		
Restricted stock units	5,116	4,433
Class B Common Stock	—	86
Diluted weighted average shares outstanding	171,441	181,088
Diluted net income per share attributable to Liberty Energy Inc. stockholders	\$ 0.48	\$ 0.90

#### Note 11—Income Taxes

The Company is a corporation and is subject to taxation in the United States, Canada, Australia and various state, local and provincial jurisdictions. Historically, Liberty LLC was treated as a partnership, and its income was passed through to its owners for income tax purposes. Liberty LLC's members, including the Company, were liable for federal, state and local income taxes based on their share of Liberty LLC's pass-through taxable income.

Effective January 31, 2023, the Company adopted a plan of merger, pursuant to which Liberty LLC merged into the Company, ceasing the existence of Liberty LLC with the Company remaining as the surviving entity. Liberty LLC will file a final tax return during the 2023 calendar year. The Company is still party to the TRAs, as defined below, TRAs; the associated liabilities are discussed below.

On October 8, 2021, the Organization for Economic Co-operation and Development ("OECD") released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15% global minimum tax rate for large multinational corporations (the "Pillar Two Framework"). The OECD continues to release additional guidance and countries are

implementing legislation with widespread adoption of the Pillar Two Framework expected by 2024. The Company is continuing to evaluate the Pillar Two Framework and its potential impact on future periods, including any legislation enacted in the jurisdictions in which the Company's liability under the TRAs is \$119.5 million, presented as \$4.7 million as a current liability included in accrued liabilities in the accompanying unaudited condensed consolidated balance sheets, and \$114.8 million as a non-current liability as of September 30, 2023. Company operates.

The Company may distribute cash from foreign subsidiaries to its U.S. parent as business needs arise. The Company has not provided for deferred income taxes on the undistributed earnings from certain foreign subsidiaries, as such earnings are

1716

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

considered to be indefinitely reinvested. If such earnings were to be distributed, any income and/or withholding tax would is not expected to be significant.

The effective global income tax rate applicable to the Company for the nine three months ended September 30, 2023 March 31, 2024 was 24.6%24.4%, compared to 1.5%, 25.1% for the period ended September 30, 2022 March 31, 2023. The Company's effective tax rate is greater than the statutory federal income tax rate of 21.0% due to the Company's Canadian operations, state income taxes in the states the Company operates, as well as nondeductible executive compensation. The Company recognized an income tax expense of \$49.8 million and \$151.7 million during the three and nine months ended September 30, 2023, respectively. The Company recognized \$26.5 million an income tax expense of \$2.6 million and \$3.6d \$54.5 million during the three and nine months ended September 30, 2022, March 31, 2024 and 2023, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022, the Company recognized a deferred tax liability in the amount of \$1.0 million and \$1.0 million, respectively. As of September 30, 2023 and December 31, 2022 December 31, 2023, the Company recognized a net deferred tax asset liability in the amount of \$21.2 million and \$12.6 million, respectively. \$102.3 million. Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting and tax bases of assets and liabilities, and are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

**Tax Receivable Agreements**

In connection with the IPO, on January 17, 2018, the Company entered into two Tax Receivable Agreements (the "TRAs") with R/C Energy IV Direct Partnership, L.P. and the then existing owners that continued to own units in Liberty LLC ("Liberty LLC Units") (each such person and any permitted transferee, a "TRA Holder" and together, the "TRA Holders"). The TRAs generally provide for the payment by the Company of 85% of the net cash savings, if any, in U.S. federal, state, and local income tax and franchise tax (computed using simplifying assumptions to address the impact of state and local taxes) that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the IPO as a result, as applicable to each TRA Holder, of (i) certain increases in tax basis that occur as a result of the Company's acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's Liberty LLC Units in connection with the IPO or pursuant to the exercise of redemption or call rights, (ii) any net operating losses available to the Company as a result of the Corporate Reorganization, and (iii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under the TRAs.

On January 31, 2023, the last redemption of the Liberty LLC Units occurred.

During As such, the nine months ended September 30, 2023, exchanges of Liberty LLC Units and shares of Class B Common Stock resulted in a net increase of \$0.7 million in deferred tax assets, and an increase of \$0.6 million in amounts payable under the TRAs, all of which are recorded through equity. The Company did not make any TRA payments for the nine months ended September 30, 2023. On January 31, 2023, the Company also recorded an increase of \$6.6 \$7.8 million of deferred tax assets for the impact of the adopted plan of merger of Liberty LLC into the Company, all of which was recorded through equity.

During the nine months ended September 30, 2022, Company. Additionally, exchanges of Liberty LLC Units and shares of Class B Common Stock initially resulted in a net increase of \$6.5 million \$0.7 million in deferred tax assets, and an increase of \$5.5 million \$0.6 million in amounts payable under the TRAs, all of which are was recorded through equity. The Company did not make any TRA payments for equity during the nine three months ended September 30, 2022 March 31, 2023.

As of September 30, 2023 March 31, 2024, the Company's liability under the TRAs was \$119.5 million \$112.4 million, of which \$4.7 \$37.4 million is presented as a current liability included in accrued liabilities in payable within the accompanying unaudited condensed consolidated balance sheet next 12 months, and \$114.8 million is presented as a component \$75.0 million thereafter. The Company made TRA payments of long-term liabilities, \$5.2 million for the three months ended March 31, 2024.

As of December 31, 2022 December 31, 2023, the Company's liability under the TRAs was \$118.9 million \$117.7 million, all of which is \$5.2 million was presented as a component of current liability, and \$112.5 million was presented as a long-term liabilities. On September 30, 2023 and December 31, 2022, liability. The Company did not make any TRA payments for the related deferred tax assets totaled \$100.6 million and \$99.9 million, respectively three months ended March 31, 2023.

**Note 12—Defined Contribution Plan**

The Company sponsors a 401(k) defined contribution retirement plan covering eligible employees. The Company makes matching contributions at a rate of \$1.00 for each \$1.00 of employee contribution, subject to a cap of 6% of the employee's salary and federal limits. Contributions made by the Company were \$8.2 million and \$6.8 \$7.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$24.4 million and \$18.8 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

18

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**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**

**Note 13—Related Party Transactions****Schlumberger Limited**

During 2020, the Company acquired certain assets and liabilities of Schlumberger Technology Corporation ("Schlumberger") in exchange for the issuance of shares of the Company's Class A Common Stock amongst other consideration. During the **nine** **three** months ended **September 30, 2023** **March 31, 2023**, the Company repurchased and retired 3,000,000 shares of Class A Common Stock for \$45.0 million or \$15.00 average price per share from Schlumberger, under the share repurchase program. Effective January 31, 2023, after the repurchase and retirement, Schlumberger **owns** **owned** no shares of Class A Common Stock of the Company and no longer **qualifies** **qualified** as a related party.

**LIBERTY ENERGY INC.****Notes to Condensed Consolidated Financial Statements**

(Unaudited)

Within the normal course of business, the Company **purchases** **purchased** chemicals, proppant, **and** other equipment, and maintenance parts from Schlumberger and its subsidiaries. During the period from January 1, 2023 until January 31, 2023, total purchases from Schlumberger were approximately **\$1.7 million**. During the three and nine months ended **September 30, 2022**, total purchases from Schlumberger were approximately **\$7.4 million** and **\$15.5 million**, respectively. As of December 31, 2022 amounts due to Schlumberger were **\$2.6 million** and **\$0.7 million**, included in accounts payable and accrued liabilities, respectively, in the unaudited condensed consolidated balance sheet. **\$1.7 million**. Although the Company continues to do business with Schlumberger, the Company no longer presents cash flows with Schlumberger as related party in the accompanying unaudited condensed consolidated statements of cash flows.

**Franklin Mountain Energy, LLC**

A member of the board of directors of the Company, **Audrey Robertson**, serves as the **Chief Financial Officer** **Executive Vice President of Finance** of Franklin Mountain Energy, LLC ("Franklin Mountain"). During the three and nine months ended **September 30, 2023** **March 31, 2024** and **March 31, 2023**, the Company performed hydraulic fracturing services for Franklin Mountain in the amount of **\$61.2 million** **\$11.5 million** and **\$128.0 million** **\$23.3 million**, respectively. During the three and nine months ended **September 30, 2022** the Company performed hydraulic fracturing services for Franklin Mountain in the amount of **\$55.5 million** and **\$79.0 million**, respectively.

Amounts included in unbilled revenue from Franklin Mountain as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, were **\$10.9 million** **\$0.1 million** and **\$13.9 million** **\$13.4 million**, respectively. There were **\$18.9 million** and **\$0.0 million** in receivables **Receivables** from Franklin Mountain as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were **\$0.0 million** and **\$12.1 million**, respectively.

**Liberty Resources LLC**

Liberty Resources LLC, an oil and gas exploration and production company, and its successor entity (collectively, the "Affiliate") **has had** certain common ownership and management with the Company. Effective March 14, 2024, the Affiliate is no longer a related party, following its acquisition by an unaffiliated party. The amounts of the Company's revenue related to hydraulic fracturing services provided to the Affiliate for the **three** period January 1, 2024 through March 13, 2024, and **nine** **the three** months ended **September 30, 2023** was **\$18.4 million** **March 31, 2023**, were **\$11.1 million** and **\$33.5 million** **\$6.5 million**, respectively. The amounts of the Company's revenue related to hydraulic fracturing services provided to the Affiliate for both the **three** and **nine** months ended September 30, 2022 was **\$10.3 million**. Amounts included in unbilled revenue and accounts receivable—related party from the Affiliate as of September 30, 2023 were **\$0.0 million** and **\$2.1 million**, respectively. As of December 31, 2022 there were no amounts included in unbilled revenue and receivables from the Affiliate.

On December 28, 2022 (the "Agreement Date"), the Company entered into an agreement with the Affiliate to amend payment terms for outstanding invoices due as of the Agreement Date to **extend the** **be due dates to** **on** April 1, 2024. Additionally, on August 15, 2023, the agreement was further amended in order to extend the due dates for certain invoices to January 1, 2025. Amounts outstanding from the Affiliate under such agreement, as of **September 30, 2023** **December 31, 2023** were **\$14.7 million** **\$14.8 million**, included in other assets in the accompanying unaudited condensed consolidated balance sheet. **Amounts** All amounts outstanding with the Affiliate under the agreement were collected in full during the three months ended March 31, 2024.

Receivables from the successor entity as of March 31, 2024 were **\$5.5 million**, included in accounts receivable. Receivables from the Affiliate as of **December 31, 2022** **December 31, 2023** were **\$11.8 million** **\$5.2 million**, included in **other assets** in the accompanying unaudited condensed consolidated balance sheet. Any receivable amount outstanding at the end of each month is subject to interest through the end of the agreement, **accounts receivable—related party**.

During the **three** period January 1, 2024 through March 13, 2024, and **nine** **the three** months ended **September 30, 2023** **March 31, 2023**, interest income from the Affiliate was **\$0.5 million** and **\$1.3 million** **\$0.4 million**, respectively. During the **three** and **nine** months ended September 30, 2022, there was no interest income from the Affiliate.

**LIBERTY ENERGY INC.****Notes to Condensed Consolidated Financial Statements**

(Unaudited)

**Note 14—Commitments & Contingencies****Purchase Commitments** (tons **and** gallons are not in thousands)

The Company enters into purchase and supply agreements to secure supply and pricing of proppants, transload, and equipment. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the agreements provide pricing and committed supply sources for the Company to purchase **2,041,893** **1,108,782** tons and **2,915,172** **1,854,000** tons, respectively, of proppant through **December 31, 2024** **December 31, 2025**. Amounts below also include commitments to pay for transport fees on minimum amounts of proppants. Additionally, related proppant transload service commitments run through **2023** **2024**.

Future proppant, transload, and equipment commitments are as follows:

(\$ in thousands)	(\$ in thousands)	
Remainder of 2023		\$ 91,442
2024		87,643
Remainder of 2024		
Remainder of 2024		
2025	2025	—
2026	2026	—
2027	2027	—
2028		
Thereafter	Thereafter	—
		\$ 179,085
		\$

Certain supply agreements contain a clause whereby in the event that the Company fails to purchase minimum volumes, as defined in the agreement, during a specific time period, a shortfall fee may apply. In circumstances where the Company does not make the minimum purchase required under the contract, the Company and its suppliers have a history of amending such

18

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

minimum purchase contractual terms and in rare cases does the Company incur shortfall fees. If the Company were unable to make any of the minimum purchases and the Company and its suppliers cannot come to an agreement to avoid such fees, the Company could incur shortfall fees in the amounts of **\$31.0 million** **\$16.0 million** and **\$17.7 million** **\$5.4 million** for the remainder of **2023** **2024** and the year ending **December 31, 2024**, **2025**, respectively. Based on forecasted levels of activity, the Company does not currently expect to incur significant shortfall fees.

Included in the commitments for the remainder of **2023** **2024** are **\$3.6 million** **\$3.1 million** of payments expected to be made in the **fourth** **second** quarter of **2023** **2024** for the use of certain light duty trucks, heavy tractors, and field equipment used to various degrees in frac and wireline operations. The Company is in negotiations with the third-party owner of such equipment to lease or purchase some or all of such aforementioned vehicles and equipment, subject to agreement on terms and conditions. No gain or loss is expected upon consummation of any such agreement.

**Litigation**

From time to time, the Company is subject to legal and administrative proceedings, settlements, investigations, claims and actions. The Company's assessment of the likely outcome of litigation matters is based on its judgment of a number of factors including experience with similar matters, past history, precedents, relevant financial and other evidence and facts specific to the matter. Notwithstanding the uncertainty as to the final outcome, based upon the information currently available, management does not believe any matters, individually or in aggregate, will have a material adverse effect on the Company's financial position or results of operations.

20

**LIBERTY ENERGY INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Note 15—Selected Quarterly Financial Data**

The following tables summarizes consolidated changes in equity for the three months ended September 30, 2023 and 2022:

	Shares of Class A Common Stock	Shares of Class B Common Stock	Class A Common Stock, Par Value	Class B Common Stock, Par Value	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' equity	Non-controlling Interest	Total Equity
Balance—June 30, 2023	170,393	—	\$ 1,704	\$ —	\$ 1,146,130	\$ 531,974	\$ (5,867)	\$ 1,673,941	\$ —	\$ 1,673,941

Offering Costs	—	—	—	—	—	—	—	—	—	—	—
Deferred tax and tax receivable	—	—	—	—	—	(1,204)	—	—	(1,204)	—	(1,204)
agreements impact of Liberty LLC merger	—	—	—	—	—	—	—	—	—	—	—
into the Company	—	—	—	—	—	(1,204)	—	—	(1,204)	—	(1,204)
\$0.05/share of Class A Common Stock dividend	—	—	—	—	—	—	(8,658)	—	(8,658)	—	(8,658)
Share repurchases	(1,785)	—	(18)	—	(29,261)	—	—	(29,279)	—	—	(29,279)
Excise tax on share repurchases	—	—	—	—	(293)	—	—	(293)	—	—	(293)
Stock-based compensation expense	—	—	—	—	8,595	—	—	8,595	—	—	8,595
Currency translation adjustment	—	—	—	—	—	—	(3,148)	(3,148)	—	—	(3,148)
Net income	—	—	—	—	—	148,608	—	148,608	—	—	148,608
<b>Balance—September 30, 2023</b>	<b>168,608</b>	<b>—</b>	<b>\$ 1,686</b>	<b>\$ —</b>	<b>\$ 1,123,967</b>	<b>\$ 671,924</b>	<b>\$ (9,015)</b>	<b>\$ 1,788,562</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,788,562</b>

	Shares of Class	Shares of Class	Class A	Class B	(Accumulated)				Total Stockholders' equity	Non-controlling Interest	Total Equity
	A Common Stock	B Common Stock	Common Stock, Par Value	Common Stock, Par Value	Additional Paid in Capital	Deficit) Retained Earnings	Accumulated Other Comprehensive Loss				
	Stock	Stock	Par Value	Par Value	Capital	Earnings	equity				
<b>Balance—June 30, 2022</b>	186,859	\$ 326	\$ 1,869	\$ 3	\$ 1,384,134	\$ (56,174)	\$ (2,263)	\$ 1,327,569	\$ 2,447	\$ 1,330,016	
Offering Costs	—	—	—	—	485	—	—	485	—	—	485
Share repurchases	(4,702)	—	(47)	—	(69,987)	—	—	(70,034)	(60)	(60)	(70,094)
Stock-based compensation expense	—	—	—	—	6,100	—	—	6,100	12	12	6,112
Vesting of restricted stock units	2	—	—	—	—	—	—	—	—	—	—
Tax withheld on vesting of restricted stock units	—	—	—	—	(1)	—	—	(1)	—	—	(1)
Currency translation adjustment	—	—	—	—	—	—	(6,332)	(6,332)	(11)	(11)	(6,343)
Net income	—	—	—	—	—	146,953	—	146,953	310	310	147,263
<b>Balance—September 30, 2022</b>	<b>182,159</b>	<b>326</b>	<b>\$ 1,822</b>	<b>\$ 3</b>	<b>\$ 1,320,731</b>	<b>\$ 90,779</b>	<b>\$ (8,595)</b>	<b>\$ 1,404,740</b>	<b>\$ 2,698</b>	<b>\$ 2,698</b>	<b>\$ 1,407,438</b>

#### Note 16—Subsequent Events

On **October 17, 2023** **April 16, 2024**, the Company's board of directors **declared** **approved** a quarterly dividend of \$0.07 per share of Class A Common Stock to be paid on **December 20, 2023** **June 20, 2024** to holders of record as of **December 6, 2023** **June 6, 2024**.

No other significant subsequent events have occurred that would require recognition or disclosure in the unaudited condensed consolidated financial **statements**, **statements** and notes thereto.

**2119**

#### Table of Contents

#### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs, and expected performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in "Cautionary Note Regarding Forward-Looking Statements," the Annual Report under the heading "Item 1A. Risk Factors," and in "Part I—Other Information, Item 1A. Risk Factors" included herein. We assume no obligation to update any of these forward-looking statements.

#### Overview

The Company, together with its subsidiaries, is a leading integrated energy services and technology company focused on providing innovative hydraulic fracturing services and related technologies to onshore oil and natural gas E&P companies in North America. We offer customers hydraulic fracturing services, together with complementary services including wireline services, proppant delivery solutions, field gas processing and treating, CNG delivery, data analytics, related goods (including our sand mine operations), and technologies that will facilitate lower emission completions, thereby helping our customers reduce their emissions profile. We have grown from one active hydraulic fracturing fleet in December 2011 to over 40 active fleets as of **September 30, 2023** **March 31, 2024**. We provide our services primarily in the Permian Basin, the Williston Basin, the Eagle Ford Shale, the Haynesville Shale, the Appalachian Basin (Marcellus Shale and Utica Shale), the Western Canadian Sedimentary Basin, the DJ Basin, and the Williston Basin, Anadarko Basin. Our operations also extend to a few smaller shale basins, including the San Juan Uinta Basin, the Powder River Basin, the Haynesville Shale, the SCOOP/STACK, the Marcellus Shale, Utica Shale, and the Western Canadian Sedimentary Basin. Additionally, we operate San Juan Basin, as well as to two sand mines in the Permian Basin.

The **In** early 2023, the Company **recently** launched Liberty Power Innovations **LLC** ("LPI"), an integrated alternative fuel and power solutions provider for remote applications. LPI's initial focus is on **LPI** provides CNG supply, field gas processing and treating, and well site fueling and logistics. **Dependable access to LPI was formed with the initial focus on**

supporting the Company's transition towards our next generation digiFleets™ and dual fuel fleets, as CNG fueling services are limited in the market, yet critical to maintaining highly efficient well site operations. Currently, LPI supplies this fuel is primarily focused on supporting an industry transition to Liberty and others in the industry.

On April 6, 2023, LPI accelerated its expansion by acquiring Siren, a Permian focused integrated natural gas compression and CNG delivery business with 16 MMcf per day of natural gas compression capacity at two expandable Permian sites and transportation, logistics, and pressure reduction services, for \$76.0 million in cash, subject to customary post-closing adjustments. LPI currently delivers fuel to customers in both the drilling and completions markets, and its logistics system is designed to deliver CNG, renewable natural gas, or hydrogen to remote locations. We believe that the added natural gas compression capability is fueled technologies, serving as a key enabler of the next step of cost and emissions reductions in the industry oilfield.

We believe technical innovation and strong relationships with our customer and supplier bases distinguish us from our competitors and are the foundations of our business. We expect that E&P companies will continue to focus on technological innovation as completion complexity and fracture intensity of horizontal wells increases, particularly as customers are increasingly focused on reducing emissions from their completions operations. We remain proactive in developing innovative solutions to industry challenges, including developing: (i) our databases of U.S. unconventional wells to which we apply our proprietary multi-variable statistical analysis technologies to provide differential insight into fracture design optimization; (ii) our Liberty Quiet Fleet® design which significantly reduces noise levels compared to conventional hydraulic fracturing fleets; (iii) hydraulic fracturing fluid systems tailored to the specific reservoir properties in the basins in which we operate; (iv) our dual fuel dynamic gas blending ("DGB") fleets that allow our engines to run diesel or a combination of diesel and natural gas, to optimize fuel use, reduce emissions and lower costs; (v) our digiFleets™, comprising of digiFrac™ and digiPrime™ pumps, our innovative, purpose-built electric and hybrid frac pumps that have approximately 25% lower CO2e emission profile than the Tier IV DGB; and (vi) our wet sand handling technology which eliminates the need to dry sand, enabling the deployment of mobile mines nearer to wellsites, wellsites; and (vii) the launch of LPI to support the transition to our digiFleets as well as the transition to lower costs and emissions in the oilfield. In addition, our integrated supply chain includes proppant, chemicals, equipment, natural gas fueling services, logistics and integrated software which we believe promotes wellsite efficiency and leads to more pumping hours and higher productivity throughout the year to better service our customers. In order to achieve our technological objectives, we carefully manage our liquidity and debt position to promote operational flexibility and invest in the business throughout the full commodity cycle in the regions we operate.

#### Recent Trends and Outlook

The Frac industry dynamics remain constructive, as relatively steady demand in recent months has focused service companies on disciplined pricing and quality of the frac industry are encouraging amidst moderating demand trends, service service. Global oil and gas commodity prices have remained relatively steady while underutilized diverged and moved materially in recent months. Yet these changes have not materially impacted demand for North American frac fleets services. Oil prices rallied since early in the year, owing to an improved global economic outlook, ongoing OPEC+ voluntary production cuts, and rising geopolitical tensions. Natural gas prices have exited the market. Fleets across the industry were idled in response conversely declined considerably since last fall, primarily owing to a softness in completions activity, supporting a better supply strong production and demand balance of marketed fleets as compared to prior cycles. As the shale revolution matures, the industry has adapted to a new era in frac markets through consolidation, technological progress, disciplined investment, and serving increasingly complex customer needs.

Frac activity has largely stabilized at current levels, representing a baseload of frac fleet demand needed to sustain E&P operators' flattish production levels. We believe fourth quarter trends will likely see seasonal softness, mild winter weather driving high natural gas inventories. Natural gas price pressures are expected to strengthen in the future with increasing LNG exports and surging domestic power demand in years ahead. Global energy demand continues to march higher, supporting what we believe will be a strong North American oil and gas industry in the coming years.

2220

holiday disruptions. Beginning in 2024, we expect a modest increase in activity due to the recent strengthening [Table of commodity prices](#) [Contents](#)

Global oil and gas markets found firmer footing during the third quarter, driving higher oil and gas prices. Volatility in commodity markets has emerged from the possibility of an escalating conflict in the Middle East and renewed recessionary fears. Recognizing the elevated uncertainty, global oil industry production and demand trends infer that the delicate balance of oil and gas markets is tilted to the upside. The long-term demand outlook for secure North American energy anchors a more durable cycle. OPEC+ decisions, including the extension of Saudi Arabia's production cuts, further demonstrate a willingness to support commodity prices, underpinning long-term investments in North American shale.

During the third first quarter of 2023, 2024, the posted WTI price traded at an average of \$82.25 \$77.50 per barrel ("Bbl"), as compared to the third quarter of 2022 average of \$93.06 per Bbl, and second first quarter of 2023 average of \$73.54 \$75.93 per Bbl, and the fourth quarter of 2023 average of \$78.53 per Bbl. Subsequent to March 31, 2024, the WTI price traded at an average of \$86.41 per Bbl through April 15, 2024. In addition, the average domestic onshore rig count for the United States and Canada was 817 810 rigs reported in the third first quarter of 2023, 2024, down from the third quarter of 2022 of 942 but consistent with the second first quarter of 2023 of 815, 965, but up from the fourth quarter of 2023 of 781, according to a report from Baker Hughes.

#### Results of Operations

Three Months Ended **September 30, 2023** **March 31, 2024**, Compared to Three Months Ended **September 30, 2022** **March 31, 2023**

Three months ended September 30,			Three months ended March 31,		
2023	2022	Change	2024	2023	Change
(in thousands)					
Revenue	Revenue	\$1,215,905	\$1,188,247	\$27,658	
					(in thousands)

Cost of services, excluding depreciation, depletion, and amortization shown separately	Cost of services, excluding depreciation, depletion, and amortization shown separately	850,247	874,453	(24,206)
General and administrative	General and administrative	55,040	50,473	4,567
Transaction, severance, and other costs	Transaction, severance, and other costs	202	1,767	(1,565)
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization	108,997	82,848	26,149
Gain on disposal of assets	(Gain) loss on disposal of assets, net	(3,808)	(4,277)	469
Operating income	Operating income	205,227	182,983	22,244
Other expense, net	Other expense, net	6,776	33,148	(26,372)
Net income before income taxes	Net income before income taxes	198,451	149,835	48,616
Income tax expense	Income tax expense	49,843	2,572	47,271
Net income	Net income	148,608	147,263	1,345
Less: Net income attributable to non-controlling interests				
Less: Net income attributable to non-controlling interests				
Less: Net income attributable to non-controlling interests	Less: Net income attributable to non-controlling interests	—	310	(310)
Net income attributable to Liberty Energy Inc. stockholders	Net income attributable to Liberty Energy Inc. stockholders	\$ 148,608	\$ 146,953	\$ 1,655

#### Revenue

Our revenue **increased** **decreased** \$27.7 189.0 million, or **2.3%** **15.0%**, to **\$1.2** **1.1** billion for the three months ended **September 30, 2023** **March 31, 2024** compared to **\$1.2** **1.3** billion for the three months ended **September 30, 2022** **March 31, 2023**. The **increase** **decrease** in revenue was **primarily** attributable to **higher service pricing**, and the **reactivation** of **several fleets** not **fully reflected** in the **prior year period**, and an **activity-driven** **increase** **decrease** in **fleet efficiency utilization** **commensurate** with **consistent** **lower** **demand** for **hydraulic fracturing services**, **services**, a **decrease** in **materials pricing**, and slightly **lower** **service prices**.

#### Cost of Services

Cost of services (excluding depreciation, depletion, and amortization) decreased \$24.2 million, or 2.8%, to \$850.2 million for the three months ended September 30, 2023 compared to \$874.5 million for the three months ended September 30, 2022. The decrease in expense was primarily related to lower costs of decreases in materials and lower operating overhead costs, fleet utilization during the period ended March 31, 2024.

#### **General and Administrative**

General and administrative expenses increased \$4.6 million, or 9.0%, to \$55.0 million for the three months ended September 30, 2023 compared to \$50.5 million for the three months ended September 30, 2022, primarily related to increases in various corporate costs and increased share based lower performance related compensation expense based on company performance, offset by higher corporate technology and other costs.

#### **Transaction, Severance, and Other Costs**

Transaction, severance, and other costs decreased \$1.6 million, or 88.6%, to \$0.2 million for the three months ended September 30, 2023 compared to \$1.8 million for the three months ended September 30, 2022. The costs incurred in the three months ended September 30, 2023 primarily related to integration cost, legal, accounting, and other professional services.

23

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provided in connection with March 31, 2023 consisted of due diligence work for the Siren Acquisition, while costs incurred during Acquisition. See Note 2—Significant Accounting Policies to the three months ended September 30, 2022 related to ongoing integration costs from prior period acquisitions. unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for further details.

#### **Depreciation, Depletion, and Amortization**

Depreciation, depletion, and amortization expense increased \$26.1 million, or 31.6%, to \$109.0 million for the three months ended September 30, 2023 compared to \$82.8 million for the three months ended September 30, 2022. The increase in the three months ended September 30, 2023 was due to additional equipment placed in service since the prior year period, quarter, including equipment related to the deployment of our digiTechnologies.

Gain

21

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#### Table of Contents

#### **(Gain) Loss on Disposal of Assets, net**

Gain The Company recorded a gain on disposal of assets decreased \$0.5 million, or 11.0%, to \$3.8 million for the three months ended September 30, 2023 compared to \$4.3 million a loss on disposal of assets of \$0.5 million for the three months ended September 30, 2022. The gain as of March 31, 2024 was primarily related to sales the scrapping of used field fully depreciated equipment. The loss as of March 31, 2023 was a result of the Company regularly selling equipment and light duty trucks that is no longer in a strong used vehicle use as part of normal course fleet and equipment market. All disposals were in the normal course of business.

#### **Operating Income**

The Company recorded operating income of \$205.2 million for the three months ended September 30, 2023 compared to operating income of \$183.0 million for the three months ended September 30, 2022. The increase in operating income was primarily due to the \$27.7 million, or 2.3%, increase in total revenue only partially offset by a \$5.4 million increase in total operating expenses, the significant components of which are discussed above.

#### **Other Expense, net**

Other expense, net decreased by \$26.4 million, or 79.6%, to \$6.8 million for the three months ended September 30, 2023 compared to \$33.1 million for the three months ended September 30, 2022. Other expense, net is comprised of loss on remeasurement of liability under the TRAs, gain on investments, interest income—related party and interest expense, net. The Company recorded a loss on remeasurement of the liability under the TRAs of \$28.9 million, offset by a \$2.5 million gain on investments during the three months ended September 30, 2022, compared to no related gain or loss during the three months ended September 30, 2023. Interest expense increased \$0.5 million as a result of increased borrowings and higher interest rates under the ABL Facility during the three months ended September 30, 2023 compared to the three months ended September 30, 2022, offset by an increase in interest income—related party of \$0.5 million related to an extension of credit executed in December 2022 and extended in August 2023.

#### **Net Income before Income Taxes**

The Company realized net income before income taxes of \$198.5 million for the three months ended September 30, 2023 compared to net income before income taxes of \$149.8 million for the three months ended September 30, 2022. The increase in results was primarily attributable to an increase in revenue and the decrease in other expense, net, as noted above.

#### **Income Tax Expense**

The Company recognized income tax expense of \$49.8 million for the three months ended September 30, 2023, at an effective rate of 25.1%, compared to \$2.6 million, at an effective rate of 1.7%, recognized during the three months ended September 30, 2022. The increase in income tax expense was primarily attributable to the Company recording

taxes on the Company's U.S. activity during the three months ended September 30, 2023, compared to having a valuation allowance on its U.S. net deferred tax assets for the three months ended September 30, 2022.

**Nine Months Ended September 30, 2023, Compared to Nine Months Ended September 30, 2022**

<u>Description</u>	Nine months ended September 30,		
	(in thousands)		
	2023	2022	Change
Revenue	\$ 3,672,970	\$ 2,923,636	\$ 749,334
Cost of services, excluding depreciation, depletion, and amortization shown separately	2,572,119	2,258,190	313,929
General and administrative	166,110	130,953	35,157
Transaction, severance, and other costs	1,804	5,293	(3,489)
Depreciation, depletion, and amortization	303,093	234,815	68,278
Gain on disposal of assets	(6,981)	(3,041)	(3,940)
Operating income	636,825	297,426	339,399
Other expense, net	21,142	46,667	(25,525)
Net income before income taxes	615,683	250,759	364,924
Income tax expense	151,658	3,637	148,021
Net income	464,025	247,122	216,903
Less: Net income attributable to non-controlling interests	91	389	(298)
Net income attributable to Liberty Energy Inc. stockholders	\$ 463,934	\$ 246,733	\$ 217,201

**Revenue**

Our revenue increased \$749.3 million, or 25.6%, to \$3.7 billion for the nine months ended September 30, 2023 compared to \$2.9 billion for the nine months ended September 30, 2022. The increase in revenue was primarily attributable to higher service pricing, the addition and reactivation of several fleets not fully reflected in the prior year period, and an activity-driven increase in fleet efficiency commensurate with consistent demand for hydraulic fracturing services.

**Cost of Services**

Cost of services (excluding depreciation, depletion, and amortization) increased \$313.9 million, or 13.9%, to \$2.6 billion for the nine months ended September 30, 2023 compared to \$2.3 billion for the nine months ended September 30, 2022. The increase in expense was primarily related to increases in materials and parts consumption and higher labor costs related to additional fleets and higher fleet efficiency as well as inflationary increases impacting costs for materials, labor, and maintenance parts during the nine months ended September 30, 2023.

**General and Administrative**

General and administrative expenses increased \$35.2 million, or 26.8%, to \$166.1 million for the nine months ended September 30, 2023 compared to \$131.0 million for the nine months ended September 30, 2022 primarily related to increases from labor cost inflation, various corporate costs related to increased levels of activity, and increased share-based compensation expense related to Company performance.

**Transaction, Severance, and Other Costs**

Transaction, severance, and other costs decreased \$3.5 million, or 65.9%, to \$1.8 million for the nine months ended September 30, 2023 compared to \$5.3 million for the nine months ended September 30, 2022. The costs incurred in the nine months ended September 30, 2023 primarily related to integration cost, legal, accounting, and other professional services provided in connection with the Siren Acquisition, while costs incurred during the nine months ended September 30, 2022 related to ongoing integration costs from prior period acquisitions.

**Depreciation, Depletion, and Amortization**

Depreciation, depletion, and amortization expense increased \$68.3 million, or 29.1%, to \$303.1 million for the nine months ended September 30, 2023 compared to \$234.8 million for the nine months ended September 30, 2022. The increase in the nine months ended September 30, 2023 was due to additional equipment placed in service since the prior year period, including the deployment of our digiTechnologies.

#### **Gain on disposal of assets**

The Company recognized a gain on disposal of assets of \$7.0 million for the nine months ended September 30, 2023 compared to \$3.0 million for the nine months ended September 30, 2022. The gain recognized in the nine months ended September 30, 2023 was a result of the Company selling used field equipment and light duty trucks in a strong used vehicle and equipment market. The gain recognized for the nine months ended September 30, 2022 was a result of the sale of used field equipment and light duty trucks in a strong used vehicle and equipment market offset by the loss on sale of one and plan of sale for two other non-strategic facilities obtained in a prior period acquisition.

#### **Operating Income**

The Company recorded operating income of \$636.8 million for the nine months ended September 30, 2023 compared to operating income of \$297.4 million for the nine months ended September 30, 2022. The increase in operating income was primarily due to the \$749.3 million, or 25.6%, increase in total revenue partially offset by a \$409.9 million increase in total operating expenses, the significant components of which are discussed above.

#### **Other Expense, net**

Other expense, net decreased by \$25.5 million to \$21.1 million for the nine months ended September 30, 2023 compared to \$46.7 million for the nine months ended September 30, 2022. Other expense, net is comprised of loss on remeasurement of liability under the TRAs, interest income—related party, and interest expense, net. The Company remeasured the liability under the TRAs resulting in a loss of \$33.2 million, offset by a \$2.5 million gain on investments during the nine months ended September 30, 2022, compared to no related gain or loss during the nine months ended September 30, 2023. Interest income—related party increased \$1.3 million \$0.1 million related to a note receivable agreement executed in December 2022, 2022, amended in August 2023, and fully collected in March 2024. Additionally, interest expense, net increased \$6.4 million decreased \$0.7 million as a result of increased decreased average borrowings and partially offset by higher interest rates under the ABL Facility credit facility during the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023.

#### **Net Income before Income Taxes**

The Company realized net income before income taxes of \$615.7 million for the nine months ended September 30, 2023 compared to net income before income taxes of \$250.8 million for the nine months ended September 30, 2022. The increase in results was primarily attributable to an increase in revenue and the decrease in other expense, net, as noted above.

#### **Income Tax Expense**

The Company recognized income tax expense of \$151.7 million \$26.5 million for the nine three months ended September 30, 2023 March 31, 2024, an effective rate of 24.6% 24.4%, compared to \$3.6 million \$54.5 million for the three months ended March 31, 2023, at an effective rate of 1.5%, recognized during the nine months ended September 30, 2022 25.1%. The increase decrease in income tax expense was primarily attributable to the Company recording decrease in net income before income taxes, on the Company's U.S. activity during the nine months ended September 30, 2023, compared to having a valuation allowance on its U.S. net deferred tax assets for the nine months ended September 30, 2022, as discussed above.

#### **Comparison of Non-GAAP Financial Measures**

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income before interest, income taxes, and depreciation, depletion, and amortization. We define Adjusted EBITDA as EBITDA adjusted to eliminate the effects of items such as non-cash stock-based compensation, new fleet or new basin start-up costs, fleet lay-down costs, costs of asset acquisitions, gain or loss on the disposal of assets, bad debt reserves, transaction, severance, and other costs, the loss gain or gain loss on remeasurement of liability under our tax receivable agreements, the gain or loss on investments, and other non-recurring expenses that management does not consider in assessing ongoing performance.

Our board of directors, management, investors, and lenders use EBITDA and Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation, depletion, and amortization) and other items that impact the comparability of financial results from period to period. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

26

#### **Note Regarding Non-GAAP Financial Measures**

EBITDA and Adjusted EBITDA are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance and results of operations. Net income is the GAAP financial measure most directly comparable to EBITDA and Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as an analytical tool due to exclusion of some but not all items that affect the most directly comparable GAAP financial measures. You should not consider EBITDA or Adjusted EBITDA in isolation or as substitutes for an analysis of our results as reported under GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

22

#### **Table of Contents**

The following tables present a reconciliation of EBITDA and Adjusted EBITDA to our net income, which is the most directly comparable GAAP financial measure for the periods presented:

Three and Nine Months Ended September 30, 2023 March 31, 2024, Compared to Three and Nine Months Ended September 30, 2022 March 31, 2023: EBITDA and Adjusted EBITDA

		Three Months Ended September 30,			Nine Months Ended September 30,						
		Three Months Ended March 31,						Three Months Ended March 31,			
Description	Description	2023	2022	Change	2023	2022	Change	Description	2024	2023	Change
(in thousands)											(in thousands)
Net income	Net income	\$148,608	\$147,263	\$ 1,345	\$464,025	\$247,122	\$216,903				
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization	108,997	82,848	26,149	303,093	234,815	68,278				
Interest expense, net	Interest expense, net	6,776	6,773	3	21,142	15,959	5,183				
Income tax expense	Income tax expense	49,843	2,572	47,271	151,658	3,637	148,021				
EBITDA	EBITDA	\$314,224	\$239,456	\$74,768	\$939,918	\$501,533	\$438,385				
Stock-based compensation expense	Stock-based compensation expense	8,595	6,112	2,483	23,738	17,126	6,612				
Fleet start-up and lay-down costs	Fleet start-up and lay-down costs	—	7,420	(7,420)	2,082	13,174	(11,092)				
Transaction, severance, and other costs	Transaction, severance, and other costs	202	1,767	(1,565)	1,804	5,293	(3,489)				
Gain on disposal of assets	Gain on disposal of assets	(3,808)	(4,277)	469	(6,981)	(3,041)	(3,940)				
(Gain) loss on disposal of assets											
Loss on remeasurement of liability under tax receivable agreements	—	28,900	(28,900)	—	33,233	(33,233)					
Gain on investments	—	(2,525)	2,525	—	(2,525)	2,525					
Adjusted EBITDA	Adjusted EBITDA	\$319,213	\$276,853	\$42,360	\$960,561	\$564,793	\$395,768				
Adjusted EBITDA											
Adjusted EBITDA											

EBITDA was \$314.2 million for the three months ended September 30, 2023 March 31, 2024 compared to \$239.5 million \$319.5 million for the three months ended September 30, 2022 March 31, 2023. Adjusted EBITDA was \$319.2 million for the three months ended September 30, 2023 March 31, 2024 compared to \$276.9 million \$329.9 million for the three months ended September 30, 2022 March 31, 2023. The increases in EBITDA and Adjusted EBITDA primarily resulted from improved market conditions, modestly lower pricing and increased activity levels as described above under the captions Revenue, Cost of Services, and General and Administrative for the Three Months Ended September 30, 2023 March 31, 2024, Compared to the Three Months Ended September 30, 2022 March 31, 2023.

EBITDA was \$939.9 million for the nine months ended September 30, 2023 compared to \$501.5 million for the nine months ended September 30, 2022. Adjusted EBITDA was \$960.6 million for the nine months ended September 30, 2023 compared to \$564.8 million for the nine months ended September 30, 2022. The increases in EBITDA and Adjusted EBITDA primarily resulted from improved market conditions and increased activity levels as described above under the captions Revenue, Cost of Services, and General and Administrative for the Nine Months Ended September 30, 2023, Compared to the Nine Months Ended September 30, 2022.

Liquidity and Capital Resources

## Overview

Our primary sources of liquidity consist of cash flows from operations and borrowings under our ABL Facility. We expect to fund operations and organic growth with these sources. In addition, we have entered into an additional equipment leasing facility during the three months ended September 30, 2023 to provide us with an additional source of liquidity for our working capital needs. We monitor the availability and cost of capital resources such as equity, debt, and debt lease financings that could be leveraged for current or future financial obligations including those related to acquisitions, capital expenditures, working capital, and other liquidity requirements. We may incur additional indebtedness or issue equity in order to meet our capital expenditure activities and liquidity requirements, as well as to fund growth opportunities that we pursue, including via acquisition. Our primary uses of capital have been capital expenditures to support organic growth and funding ongoing operations, including maintenance and fleet upgrades, as well as the repurchases of, and dividends on, shares of our Class A Common Stock.

Cash and cash equivalents decreased by \$17.1 million \$13.0 million to \$26.6 million \$23.8 million as of September 30, 2023 March 31, 2024 compared to \$43.7 million \$36.8 million as of December 31, 2022 December 31, 2023, while working capital excluding cash and current liabilities under debt and lease arrangements decreased \$0.3 million increased \$20.4 million.

We have As of March 31, 2024, the Company had one credit agreement outstanding, a revolving line of credit up to \$525.0 million committed under the (the "ABL Facility"). The ABL Facility is subject to certain borrowing base limitations based on a percentage of eligible accounts receivable and inventory available to finance working capital needs. Based on the September 30, 2023 financials, As of March 31, 2024, the borrowing base was calculated to be \$521.2 million \$465.1 million, and the Company had \$223.0 million \$166.0 million outstanding, in addition to letters a letter of credit in the amount of \$2.6 million \$7.4 million, with \$295.6 million \$291.7 million of remaining availability.

On January 23, 2023, the Company entered into an Eighth Amendment to the ABL Facility (the "Eighth ABL Amendment"). The Eighth ABL Amendment amends certain terms, provisions and covenants of the ABL Facility, including, among other things: (i) increasing the maximum revolver amount from \$425.0 million to \$525.0 million (the "Upsized Revolver"); (ii) increasing the amount of the accordion feature from \$75.0 million to \$100.0 million; (iii) extending the maturity date from October 22, 2026 to January 23, 2028; (iv) modifying the dollar amounts of various credit facility triggers and tests proportionally to the Upsized Revolver; (v) permitting repayment under the Term Loan Facility prior to February 10, 2023; and (vi) increasing certain indebtedness, intercompany advance, and investment baskets. The Eighth ABL Amendment also includes an agreement from Wells Fargo Bank, National Association, as administrative agent, to release its second priority liens and security interests on all collateral that served as first priority collateral under the Term Loan Facility. This release was completed during the three months ended June 30, 2023.

Additionally, on January 23, 2023, the Company borrowed \$106.7 million on the ABL Facility and used the proceeds to pay off and then terminate the Term Loan Facility. The amount paid includes the balance of the Term Loan Facility upon pay off of \$104.7 million, \$0.9 million of accrued interest, and a \$1.1 million prepayment premium or 1% of the principal. Additionally, there were \$0.2 million in bank and legal fees included in the pay off.

The ABL Facility contains covenants that restrict our ability to take certain actions. At September 30, 2023 As of March 31, 2024, the Company was we were in compliance with all debt covenants.

See Note 7—Debt to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for further details.

We have no material off balance sheet arrangements as of September 30, 2023 March 31, 2024, except for purchase commitments under supply agreements as disclosed above under Note 14—Commitments & Contingencies to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report. As such, we are not materially exposed to any other financing, liquidity, market, or credit risk that could arise if we had engaged in such financing arrangements.

2823

## Table of Contents

### Share Repurchase Program

Under our share repurchase program, the Company is authorized to repurchase up to \$250.0 million \$750.0 million of outstanding Class A Common Stock through and including July 31, 2024. Additionally, on January 24, 2023 the Board authorized and the Company announced an increase to the share repurchase program that increased the Company's cumulative repurchase authorization to \$500.0 million July 31, 2026. Shares may be repurchased from time to time for cash in the open market transactions, through block trades, in privately negotiated transactions, through derivative transactions or by other means in accordance with applicable federal securities laws. The timing and the amount of repurchases will be determined by the Company at its discretion based on an evaluation of market conditions, capital allocation alternatives and other factors. The share repurchase program does not require us to purchase any dollar amount or number of shares of our Class A Common Stock and may be modified, suspended, extended or terminated at any time without prior notice. The Company expects to fund the any repurchases by using cash on hand, borrowings under its revolving credit facility, and expected free cash flow to be generated through the duration of the share repurchase program. During the three and nine months ended September 30, 2023 March 31, 2024, the Company repurchased and retired shares of Class A Common Stock for \$29.3 million and \$164.0 million \$30.2 million, respectively, under the share repurchase program.

### Cash Flows

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

Nine Months Ended September 30,			Three Months Ended March 31,			Three Months Ended March 31,		
Description	Description	2023	2022	Change	Description	2024	2023	Change
(in thousands)								
(in thousands)								
Net cash provided by operating activities	Net cash provided by operating activities	\$ 719,841	\$ 292,610	\$ 427,231				

Net cash used in investing activities	Net cash used in investing activities	(528,435)	(333,875)	(194,560)
Net cash (used in) provided by financing activities		(208,340)	45,642	(253,982)
Net cash used in financing activities				

#### **Analysis of Cash Flow Changes Between the Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 March 31, 2023**

**Operating Activities.** Net cash provided by operating activities was \$719.8 million \$159.4 million for the nine months three months ended September 30, 2023 March 31, 2024, compared to \$292.6 million \$203.9 million for the nine three months ended September 30, 2022 March 31, 2023. The \$427.2 million increase \$44.5 million decrease in cash from operating activities is primarily attributable to a \$749.3 million increase \$189.0 million decrease in revenues, offset by a \$497.1 million increase \$133.7 million decrease in cost of services, general and administrative, cash operating expenses, interest expense, net, and income tax, expense, and a \$64.3 million decrease in cash from changes in working capital for the nine months ended September 30, 2023, compared to a \$238.5 million \$52.0 million decrease in cash from changes in working capital for the nine three months ended September 30, 2022 March 31, 2024, compared to a \$62.7 million decrease in cash from changes in working capital for the three months ended March 31, 2023.

**Investing Activities.** Net cash used in investing activities was \$528.4 million \$142.0 million for the nine three months ended September 30, 2023 March 31, 2024, compared to \$333.9 million \$129.7 million for the nine three months ended September 30, 2022 March 31, 2023. Cash used in investing activities was higher during the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023 as the Company continued to invest in equipment, including the new digiTechnologies™ suite, to support increased customer demand in next generation equipment and technology. Additionally, during the nine months ended September 30, 2023 the Company acquired Siren Energy for \$75.7 million in cash, net of cash received and normal post closing matters, refer to Note 2—Significant Accounting Policies to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information related to the Siren Acquisition.

**Financing Activities.** Net cash used in financing activities was \$208.3 million \$30.2 million for the nine three months ended September 30, 2023 March 31, 2024, compared to net cash provided by used in financing activities of \$45.6 million \$97.1 million for the nine three months ended September 30, 2022 March 31, 2023. The \$254.0 million change \$66.9 million decrease in cash used in financing activities was primarily due to \$164.0 million of a \$35.7 million increase in net proceeds from borrowings and \$44.5 million less cash payments made in connection with used for share repurchases for the nine three months ended September 30, 2023 March 31, 2024, compared to \$70.1 million in the nine months ended September 30, 2022. Additionally, the Company reinstated quarterly dividends during the fourth quarter of 2022 resulting in partially offset by a \$25.9 million \$7.1 million increase in dividends paid. Net borrowings of \$3.3 million on the Credit Facilities, including the \$104.7 million pay off cash paid for finance leases and termination of the Term Loan Facility, were lower during the nine months ended September 30, 2023, compared a \$5.2 million increase in cash used for payments pursuant to net borrowings of \$130.7 million of net borrowings on the Credit Facilities for the nine months ended September 30, 2022. tax receivable agreements.

#### **Cash Requirements**

Our material cash commitments consist primarily of obligations under long-term debt on the ABL Facility, TRAs, finance and operating leases for property and equipment, cash used to pay for repurchases of, and dividends on, shares of our Class A Common Stock, and purchase obligations as part of normal operations. Certain amounts included in our contractual obligations as of March 31, 2024 are based on our estimates and assumptions about these obligations, including pricing, volumes, and duration. We have no material off balance sheet arrangements as of September 30, 2023 March 31, 2024, except for obligations purchase commitments of \$91.4 million \$84.5 million payable within 2023, 2024 and \$87.6 million \$13.0 million payable thereafter. See Note 14—Commitments & Contingencies to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly

29

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Report for information regarding scheduled contractual obligations. During the three months ended September 30, 2023 March 31, 2024, the Company expanded its equipment lease facility with one lessor and entered into a new equipment lease facility with an additional lessor two lessors resulting in an increase in finance lease obligations of \$105.3 million \$30.1 million. The term on these new leases range from two three to five years.

There have been no other material changes to cash requirements since the year ended December 31, 2022 December 31, 2023.

24

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#### **Table of Contents**

#### **Income Taxes**

The Company is a corporation and is subject to U.S. federal, state, and local income tax on its share of Liberty LLC's taxable income. tax. The Company is also subject to Canada and Australia federal and provincial income tax on its foreign operations.

The effective global income tax rate applicable to the Company for the nine three months ended September 30, 2023 March 31, 2024 was 24.6%24.4%, compared to 1.5%, 25.1% for the period ended September 30, 2022 March 31, 2023. The Company's effective tax rate is greater than the statutory federal income tax rate of 21.0% due to the Company's Canadian operations, state income taxes in the states the Company operates, as well as nondeductible executive compensation. The Company recognized an income tax expense of \$49.8 million and \$151.7 million \$26.5 million and \$54.5 million during the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$2.6 million and \$3.6 million for the three and nine months ended September 30, 2022, 2023, respectively.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting and tax bases of assets and liabilities, and are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. In the year ended December 31, 2022, we released a valuation allowance on our U.S. net deferred tax assets. As of September 30, 2023 March 31, 2024, the Company's net deferred tax assets liabilities were primarily comprised of federal and state U.S. Net Operating Losses ("NOLs") and TRA tax attributes, net of Property and equipment \$102.3 million. The Company has not recorded a valuation allowance against the deferred tax liabilities assets for the three months ended March 31, 2024

Refer to Note 11—Income Taxes to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information related to income tax expense.

#### **Tax Receivable Agreements**

Refer to Note 11—Income Taxes to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information related to tax receivable agreements.

#### **Critical Accounting Estimates**

The Company's unaudited condensed consolidated financial statements are prepared in accordance with GAAP, which require us to make estimates and assumptions (see Note 2—Significant Accounting Policies to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report and Note 2—Significant Accounting Policies and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in the Annual Report). A critical accounting estimate is one that requires our most difficult, subjective or complex estimates and assessments and is fundamental to our results of operations. We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

There have been no material changes in our evaluation of our critical accounting policies and estimates since our Annual Report.

3025

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#### [Table of Contents](#)

#### **Item 3. Quantitative and Qualitative Disclosure about Market Risk**

Our consolidated financial statements are expressed in U.S. dollars, but, effective January 1, 2021, a portion of our operations is conducted in a currency other than U.S. dollars. The Canadian dollar is the functional currency of the Company's foreign subsidiary as it is the primary currency within the economic environment in which the subsidiary operates. Changes in the exchange rate can affect our revenues, earnings, and the carrying value of our assets and liabilities in our consolidated balance sheet, either positively or negatively. Adjustments resulting from the translation of the subsidiary's financial statements are reported in other comprehensive loss, income (loss). For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded foreign currency translation losses loss of \$3.1 million \$3.7 million and \$1.6 million \$0.5 million, respectively, to comprehensive income. For income (loss), respectively.

During the three and nine months ended September 30, 2022 March 31, 2024, the Company recorded foreign formed an entity in Australia, and will use the Australian dollar as the functional currency translation losses for the new entity's operations. The Australian entity does not have any assets or material liabilities as of \$6.3 million March 31, 2024, did not generate any revenue, and \$8.3 million incurred only de minimis expenses during the three months ended March 31, 2024, respectively, as such there in no impact of changes in the Australian dollar to comprehensive income. U.S. dollar exchange rate in the financial statements of Company as of and for the three months ended March 31, 2024.

Other exposures to market risk have not changed materially since December 31, 2022 December 31, 2023. For quantitative and qualitative disclosures about market risk, in addition to foreign currency translation, see Part II, Item 7(a), "Quantitative and Qualitative Disclosures About Market Risk," in the Annual Report.

#### **Item 4. Controls and Procedures**

In accordance with Rules 13a-15 and 15d-15 of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted 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 disclosures.

#### **Changes in Internal Control over Financial Reporting**

During the quarter ended September 30, 2023, we integrated accounting functions of the entity acquired in the Siren Acquisition on April 6, 2023. In connection with the integration, we updated documentation of our internal controls over financial reporting, as necessary, to reflect modifications to business processes and accounting procedures impacted.

There were no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

3126

**PART II: OTHER INFORMATION****Item 1. Legal Proceedings**

Information relating to legal proceedings is described in Note 14—Commitments & Contingencies 14 to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report, and the information discussed therein is incorporated by reference into this Part II, Item 1.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading Part I, Item 1A, "Risk Factors," "Item 1A. Risk Factors" included in the Annual Report and the risk factors and other cautionary statements contained in our other SEC filings, which could materially affect our businesses, financial condition or future results.

No other risk factors were identified in addition to the risk factors set forth in the Annual Report. There have been no material changes to the risk factors in the Annual Report.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Share Repurchase Program**

The following sets forth information with respect to our repurchases of shares of Class A Common Stock during the three months ended **September 30, 2023** **March 31, 2024**:

Period	Total number of shares purchased	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs (1)	Approximate dollar value of shares that may yet be purchased under the plans or programs (1)
July 1, 2023 - July 31, 2023	309,873	\$ 16.14	309,873	\$ 235,212,501
August 1, 2023 - August 31, 2023	1,258,303	\$ 16.23	1,258,303	\$ 214,793,754
September 1, 2023 - September 30, 2023	216,723	\$ 17.65	216,723	\$ 210,968,900
<b>Total</b>	<b>1,784,899</b>	<b>\$ 16.38</b>	<b>1,784,899</b>	<b>\$ 210,968,900</b>

Period	Total number of shares purchased	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs (1)	Approximate dollar value of shares that may yet be purchased under the plans or programs (1)
January 1, 2024 - January 31, 2024	86,038	\$ 20.33	86,038	\$ 420,181,414
February 1, 2024 - February 29, 2024	773,399	\$ 20.15	773,399	\$ 404,597,643
March 1, 2024 - March 31, 2024	620,647	\$ 20.63	620,647	\$ 391,793,207
<b>Total</b>	<b>1,480,084</b>	<b>\$ 20.36</b>	<b>1,480,084</b>	<b>\$ 391,793,207</b>

(1) On July 25, 2022, the Board authorized and the Company announced a share repurchase program that **allows** **allowed** the Company to repurchase up to \$250.0 million of the Company's Class A Common Stock beginning immediately and continuing through **and including** July 31, 2024. Additionally, on January 24, 2023 the **Board authorized and the Company announced an increase of the cumulative repurchase authorization to \$500.0 million. Furthermore, on January 23, 2024, the Board authorized and the Company announced an increase to of the share repurchase program that increased the Company's cumulative repurchase authorization to \$500.0 million \$750.0 million and extended the authorization through July 31, 2026.** All amounts give effect to such increase. The shares may be repurchased from time to time in open market or privately negotiated transactions or by other means in accordance with applicable state and federal securities laws.

(2) The average price paid per share of **\$16.38** **\$20.36** was calculated excluding commissions.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Our mining operations are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

**Item 5. Other Information**

During the quarter ended **September 30, 2023** **March 31, 2024**, no director or Section 16 officer adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408(a) of Regulation S-K).

**3227**

## Item 6. Exhibits

The exhibits required to be filed by Item 6 are set forth in the Exhibit Index included below.

### INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
2.1	<a href="#">Master Transaction Agreement, dated as of August 31, 2020, by and among Schlumberger Technology Corporation Limited, Liberty Oilfield Services New HoldCo LLC, LOS Canada Operations Inc. and Liberty Oilfield Services Inc.</a> (1)
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Liberty Oilfield Services Inc.</a> (2) (1)
3.2	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation</a> (3) (2)
3.3	<a href="#">Second Amended and Restated Bylaws of Liberty Energy Inc., as amended effective January 24, 2023</a> (4) (3)
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)</a> *
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)</a> *
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> **
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> **
95	<a href="#">Mine Safety Disclosure Disclosures</a> *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) *

(1) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on [September 1, 2020](#) [January 18, 2018](#).

(2) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on [January 18, 2018](#) [April 21, 2022](#).

(3) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on [April 21, 2022](#).

(4) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on [January 26, 2023](#).

\* Filed herewith.

\*\* Furnished herewith.

3328

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[Table of Contents](#)

### SIGNATURES

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

**Signature**

/s/ Christopher A. Wright

**October 19, 2023 April 18,**  
Date: **2024** By: **Christopher A. Wright**  
*Chief Executive Officer (Principal Executive Officer)*

**October 19, 2023 April 18,**  
Date: **2024** By: **Michael Stock**  
*Chief Financial Officer (Principal Financial Officer)*

**October 19, 2023 April 18,**  
Date: **2024** By: **Ryan T. Gosney**  
*Chief Accounting Officer (Principal Accounting Officer)*

**34.29**

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Christopher A. Wright, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Liberty Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting; or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 19, 2023 April 18, 2024**

By: **/s/ Christopher A. Wright**  
Christopher A. Wright  
*Chief Executive Officer*  
*(Principal Executive Officer)*

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Michael Stock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Liberty Energy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting; or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 19, 2023** April 18, 2024

By: /s/ Michael Stock  
 Michael Stock  
*Chief Financial Officer*  
*(Principal Financial Officer)*

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Liberty Energy Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** ("Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 19, 2023** **April 18, 2024**

By: /s/ Christopher A. Wright  
Christopher A. Wright  
*Chief Executive Officer*  
*(Principal Executive Officer)*

**Exhibit 32.2**

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Liberty Energy Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** ("Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 19, 2023** **April 18, 2024**

By: /s/ Michael Stock  
Michael Stock  
*Chief Financial Officer*  
*(Principal Financial Officer)*

**Exhibit 95**

**Mine Safety Disclosure**

The following disclosure is provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977.

The table that follows reflects citations, orders, violations and proposed assessments issued by the Mine Safety and Health Administration (the "MSHA") to indirect subsidiaries of Liberty Energy Inc. The disclosure is with respect to the three months ended **September 30, 2023** **March 31, 2024**. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by the MSHA at [www.MSHA.gov](http://www.MSHA.gov).

**Three Months Ended September 30, 2023 **March 31, 2024****  
**(unaudited)**  
**(whole dollars)**

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d)	Section Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments	Mining Related Fatalities	Received Notice of Pattern of Violations	Received Notice of Potential Have Pattern	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
			—	—	—	—	\$ —	—	—	104(e) (yes/no)	104(e) (yes/no)	—	—
Freedom Proppants— Monahans Mine/4105336	7	—	—	—	—	—	\$ —	—	— N	N	—	—	—
Freedom Proppants— Kermit Mine/4105321	1	—	—	—	—	—	\$ —	—	— N	N	—	—	—

(1) Amounts included are the total dollar value of proposed assessments received from MSHA on or before September 30, 2023 March 31, 2024, regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the three months ended September 30, 2023 March 31, 2024. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by inspector and vary depending on the size and type of the operation.

#### DISCLAIMER

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