

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

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2022

OR

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



Liberty Energy Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

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

(Address of Principal Executive Offices)

81-4891595

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

80202

(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
Class A Common Stock, par value \$0.01	LBRT	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

As of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant was approximately \$2.0 billion, determined using the per share closing price on the New York Stock Exchange on that date of \$12.76. Shares of common stock held by each director and executive officer (and their respective affiliates) and each person who owns 10 percent or more of the outstanding common stock or who is otherwise believed by the registrant to be in a control position have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

At February 6, 2023 the Registrant had 176,111,866 shares of Class A Common Stock and 0 shares of Class B Common Stock outstanding.

Documents Incorporated by Reference: Part III of this Annual Report on Form 10-K incorporates certain information by reference from the registrant's proxy statement for the 2022 annual meeting of stockholders to be filed no later than 120 days after the end of the registrant's fiscal year.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Annual 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 statements about our expected growth from recent acquisitions such as the PropX Acquisition (as defined below) and OneStim Acquisition (as defined below), 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, the impacts of the novel strain of the coronavirus (“COVID-19”) pandemic, 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,” “position,” “potential,” “likely,” “believe,” “anticipate,” “plan,” “expect,” “intend,” “achievable,” “anticipate,” “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 could cause our actual results to differ materially from those indicated or implied by forward-looking statements, including but not limited to the risks described in this Annual 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 Annual Report. 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 Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

MARKET AND INDUSTRY DATA

This Annual Report includes market and industry data and certain other statistical information based on third-party sources including independent industry publications, government publications and other published independent sources, such as content and estimates provided by Lium, LLC (“Lium Research”) as of December 31, 2022, and industry content and figures provided by Baker Hughes Co. (“Baker Hughes”) as of December 31, 2022. Neither Lium Research nor Baker Hughes is a member of the Financial Industry Regulator Authority or the Securities Investor Protection Corporation and neither is a registered broker dealer or investment advisor. Although we believe these third-party sources are reliable as of their respective dates, we have not independently verified the accuracy or completeness of this information. Some data is also based on our own good faith estimates, which are supported by our management's knowledge of and experience in the markets and business in which we operate.

TRADEMARKS, SERVICE MARKS AND TRADENAMES

This Annual Report contains trademarks, tradenames, and service marks that are owned by us or other companies, which are our property. Solely for convenience, the trademarks, tradenames, and service marks referred to in this Annual Report may appear without the ® and TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, tradenames, and service marks. We do not intend our use or display of other parties’ trademarks, tradenames, or service marks to imply, and such use or display should not be construed to imply a relationship with, or endorsement or sponsorship of us by, these other parties.

PART I

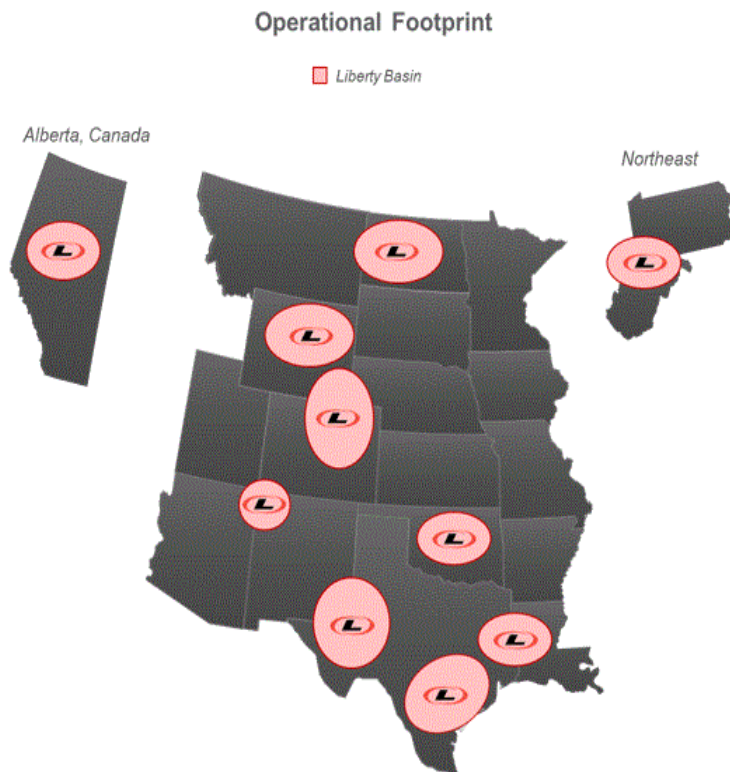
As used in this Annual Report, except as otherwise indicated or required by the context, all references in this Annual Report to (i) the “Company,” “we,” “us” and “our” refer to Liberty Energy Inc. and its consolidated subsidiaries; (ii) “Liberty LLC” refer to Liberty Oilfield Services New HoldCo LLC; (iii) “Schlumberger” refer to, collectively, Schlumberger Technology Corporation and Schlumberger Canada Limited; and (iv) “PropX” refer to Proppant Solutions, LLC and its predecessor in interest.

Item 1. Business

Our Company

We are a leading integrated energy services and technology company focused on providing innovative hydraulic 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, 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.

Our primary locations of operation include the Permian Basin, the Eagle Ford Shale, the Denver-Julesburg Basin (the “DJ Basin”), the Williston Basin, the San Juan Basin, the Powder River Basin, the Haynesville Shale, the South Central Oklahoma Oil Province and Sooner Trend Anadarko Canadian Kingfisher (collectively, the “SCOOP/STACK”), the Marcellus Shale, the Utica Shale, and the Western Canadian Sedimentary Basin, which are among the most active basins in North America. The breadth of our operational footprint provides us an opportunity to leverage our fixed costs and to efficiently reposition our equipment in response to customer requirements. The map below represents our current areas of operation.



The process of hydraulic fracturing involves pumping a pressurized stream of fracturing fluid (typically a mixture of water, chemicals and proppant) into a well casing or tubing to cause the underground formation to fracture or crack. These fractures release trapped hydrocarbon particles and provide a conductive channel for the oil or natural gas to flow freely to the wellbore for collection. The propping agent, or proppant, typically sand, becomes lodged in the cracks created by the hydraulic fracturing process, “propping” them open to facilitate the flow of hydrocarbons from the reservoir to the well. The fracturing

fluid is engineered to lose viscosity, or “break,” and is subsequently flowed back from the formation, leaving the proppant suspended in the formation fractures. Once our customer has flushed the fracturing fluids from the well using a controlled flow-back process, the customer manages fluid and water recycling or disposal.

Our hydraulic fracturing fleets consist of mobile hydraulic fracturing units and other auxiliary heavy equipment to perform fracturing services. Our hydraulic fracturing units consist primarily of high-pressure hydraulic pumps, engines, transmissions, radiators and other supporting equipment that are typically mounted on trailers. We refer to the group of units and other equipment, such as blenders, data vans, sand storage, tractors, manifolds and high-pressure fracturing iron, which are necessary to perform a typical hydraulic fracturing job, as a “fleet,” and the personnel assigned to each fleet as a “crew.” The size of each fleet and crew can vary depending on the requirements of each job design.

We also have wireline operations as a result of the acquisition of Schlumberger’s OneStim business in December 2020, whereby we obtained certain assets and liabilities of the OneStim business including OneStim’s hydraulic fracturing pressure pumping services business in onshore United States and Canada (the “OneStim Acquisition”). Our wireline units consist of a truck equipped with a spool of wireline that is lowered into wells to convey specialized tools or equipment, such as perforating guns and charges, which are necessary to connect the wellbore with the target formation. This operation is performed between each hydraulic fracturing stage. Our wireline service is primarily offered alongside our hydraulic fracturing services, which allows us to maximize efficiency for our customers through optimized coordination of the wireline and hydraulic fracturing services. In addition, we also offer our wireline service on a stand-alone basis.

As a result of the PropX Acquisition, which was completed in October 2021, we are now a leading provider of last-mile proppant delivery solutions, including proppant handling equipment and logistics software across North America. PropX offers innovative environmentally friendly technology with optimized dry and wet sand containers and wellsite proppant handling equipment that drive logistics efficiency and reduce noise and emissions. We believe that PropX wet sand handling technology is a key enabler of the next step of cost and emissions reductions in the proppant industry. PropX also offers customers the latest real-time logistics software, PropConnect™, for sale or as hosted software as a service.

Our operations are organized into a single business segment, which consists of hydraulic fracturing services, including wireline, proppant delivery and goods, including our Permian Basin sand mines, and we have one reportable geographical segment, North America. We have grown from one active hydraulic fracturing fleet as of December 2011 to over 40 active fleets as of December 31, 2022. We are focused on providing “next-generation” frac fleets and technologies to assist our customers with completing their wells in an environmental, social, and governance (“ESG”)-friendly manner.

Our founders and management are pioneers in the development of data-driven hydraulic fracturing technologies for application in shale plays. Prior to founding the Company, the majority of our management team founded and built Pinnacle Technologies, Inc. (“Pinnacle Technologies”) into a leading fracturing technology company. In 1992, Pinnacle Technologies developed the first commercial hydraulic fracture mapping technologies, analytical tools that played a major role in launching the shale revolution. Our extensive experience with fracture technologies and customized fracture design has enabled us to develop new technologies and processes that provide our customers with real-time solutions that significantly enhance their completions. These technologies include hydraulic fracture propagation models, reservoir engineering tools, large, proprietary shale production databases and multi-variable statistical analysis techniques. Taken together, these technologies have enabled us to be a leader in hydraulic fracture design innovation and application. Our management team has an average of over 20 years of energy services experience, and the majority of our management team worked together before founding our company.

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 and (iv) our dual fuel dynamic gas blending 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) the successful test of digiFrac™, our innovative, purpose-built electric frac pump that has approximately 25% lower CO₂e emission profile than the Tier IV DGB; and (vi) our PropX wet sand handling technology which eliminates the need to dry sand, enabling the deployment of mobile mines nearer to wellsites. In addition, our integrated supply chain includes proppant, chemicals, equipment, 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.

ESG Focused

While we recognize the various environmental and social impacts of hydrocarbon energy, we believe that access to life-enhancing modern energy presents the most pressing global energy challenge. We passionately work to better the process of bringing hydrocarbons to the surface in a clean, safe and efficient fashion and view ESG principles as foundational to our business. We focus on developing and adding technologies to our operations that assist our customers in implementing their ESG goals. The list below sets forth specific examples of our efforts towards ESG principles:

- In 2013, we introduced Tier 2 dual-fuel technology to our fleets which allows our frac pumps to use natural gas in place of some diesel fuel to lower particulate emissions.
- In 2014, we began the use of containerized sand delivery at frac locations, which reduces dust, noise and truck traffic.
- In 2016, we introduced Quiet Fleet® technology, which significantly reduces noise levels associated with frac operations.
- In 2018, we began a partnership with an equipment supplier to introduce Tier 4 dynamic gas blending, or DGB, engines to our frac fleet that can substitute up to 80% of the diesel typically used by a frac pump with natural gas and significantly lower emission levels in frac operations. Tier 4 DGB engines were added to our fleet in 2020.
- In 2021, we announced the successful test of digiFrac™, our innovative, purpose-built electric frac pump that has approximately a 25% lower CO₂e emission profile than the Tier IV DGB. We have entered into two multi-year arrangements with customers for digiFrac fleets and commenced delivery of commercial pumps in the fourth quarter of 2022.
- In October 2021, we closed the acquisition of PropX. PropX offers innovative, environmentally friendly technology with optimized dry and wet sand containers and wellsite proppant handling equipment that drive logistics efficiency and reduce noise and emissions.
- In August 2022, we released our second annual Bettering Human Lives report, highlighting the importance of energy in the modern world and Liberty's ESG 2021 data, which was updated to cover the critical link hydrocarbons play in geopolitics, food, and their role in enabling the modern world.

We are continuously committed to engagement in our communities. We provide K-12 scholarships to low-income children through ACE (Alliance for Choice in Education), and we have launched a Liberty Scholars program at Montana Technological University to enable lower-income students to obtain a college engineering education. In 2022, over 100 students received Liberty scholarships. We have numerous other efforts encompassing our three pillars of outreach: education, military services, and alleviating poverty. Since launching Liberty's matching program in 2021, Love Liberty, we have supported an additional 25 organizations near and dear to our employee's hearts across all districts. Every year we strive to create lasting relationships and impacts throughout all our communities with the mission to better human lives through the growth of individual liberty and opportunity.

Cyclical Nature of Industry

We operate in a highly cyclical industry. The key factor driving demand for our services is the level of drilling activity by E&P companies, which in turn depends largely on the current and anticipated economics of new well completions. Global supply and demand for oil and the domestic supply and demand for natural gas are critical in assessing industry outlook. Demand for oil and natural gas is cyclical and subject to large, rapid fluctuations. E&P companies tend to increase capital expenditures in response to increases in oil and natural gas prices, which generally results in greater revenues and profits for oilfield service companies such as ours. Increased capital expenditures also ultimately lead to greater production, which historically has resulted in increased supplies of hydrocarbons and reduced prices which in turn tend to drive a future reduction in E&P companies capital expenditures and reduce demand for energy services. For these reasons, the results of our operations may fluctuate from quarter to quarter and from year to year, and these fluctuations may distort comparisons of results across periods.

Seasonality

Our results of operations have historically reflected seasonal tendencies relating to holiday seasons, inclement weather and the conclusion of our customers' annual drilling and completion capital expenditure budgets. Our most notable declines typically occur in the fourth quarter of the year for the reasons described above. Additionally, some of the areas in which we have operations, including Canada, the DJ Basin, Powder River Basin and Williston Basin, are adversely affected by seasonal weather conditions, primarily in the winter and spring. During periods of heavy snow, ice, rain, or frost, and related road restrictions, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenues. The exploration activities of our customers may also be affected during such periods of adverse weather conditions. Additionally, extended drought conditions in our operating regions could impact our ability or our customers' ability to source sufficient water or increase the cost for such water.

Intellectual Property

Over the last several years and in connection with the acquisitions of OneStim and PropX, we have significantly invested in our research and technology capabilities. Our efforts to date have been focused on developing innovative, fit-for-purpose solutions designed to enhance our core service offerings, increase completion efficiencies, provide cost savings to our operations and add value for our customers. A cornerstone of our technological advantage is a series of proprietary databases of U.S. unconventional wells that include production data, completion designs and reservoir characteristics. We utilize these databases to perform multi-variable statistical analysis that generates differential insight into fracture design optimization to enhance our customers' production economics. Our emphasis on data analytics is also deployed during job execution through the use of real-time feedback on variables that maximizes customer returns by improving cost-effective hydraulic fracturing operations.

Today, we hold approximately 500 patents and patent licenses relating to our engineering and technology solutions. We seek patent and trademark protections for our technology when we deem it prudent, and we aggressively pursue protection of these rights when warranted. We believe our patents, trademarks, and other protections for our proprietary technologies are adequate for the conduct of our business and that no single patent or trademark is critical to our business. In addition, we rely, to a great extent, on the technical expertise and know-how of our personnel to maintain our competitive position, and we take commercially reasonable measures to protect trade secrets and other confidential and/or proprietary information relating to the technologies we develop.

Human Capital Management

As of December 31, 2022, we had 4,580 employees and no unionized labor. We believe we have good relations with our employees and that one of our key competitive advantages is our people. Our highly trained, experienced and motivated employees are critical to delivering our hydraulic fracturing services. Taking care of our employees is one of our top priorities, and we continually invest in hiring, training and retaining the employees we believe to be the best in our field. We consistently assess the current business environment and labor market to refine our compensation and benefits programs in order to attract and retain top talent in our industry. We strive to promote from within our existing employee base to manage new hydraulic fracturing fleets and organically grow our operating expertise. This organic growth is essential in achieving the expertise and level of customer service we strive to provide each of our customers. As a result, we plan to continue to invest in our employees through both personal and professional training to attract and retain the best individuals in our areas of operation. Overall, we focus on individual contributions and team success to foster a culture built around operational excellence and superior safety.

Health and Safety

Our people are our most important asset and ensuring their safety and the safety of those around them is the most important thing we do. Making certain that the Liberty team is well trained to handle the complexities of daily field operations, and that their training and competency remains current with the latest technology and standards is a key component. In order to facilitate this training, we have developed the Liberty Frac Academy, a thorough program where employees are trained on various aspects of the Company, from safety in equipment operation to leadership skills. The Liberty Frac Academy not only ensures dissemination of high-quality training material, but also provides a forum for sharing best practices and lessons learned across the Company. As a result, we are among the safest service providers in the industry with a constant focus on Health, Safety and Environmental performance and service quality, as evidenced by an average incident rate that was 29% less than the industry average from 2020 to 2022. Our employee-centered focus and reputation for safety has enabled us to obtain projects from industry leaders with some of the most demanding safety and operational requirements.

Programs and Benefits

One way we have demonstrated a history of investing in our workforce is by offering competitive salaries and wages. To foster a strong sense of ownership, restricted stock units are provided to eligible employees under our long-term incentive plan. Furthermore, we offer innovative benefits to all eligible employees, including, among others, comprehensive health insurance coverage, parental leave to all new parents, for birth or adoption, financial support for child adoption, leave to care for partners with serious health conditions, 401(k) savings plan and educational tuition assistance for both bachelor's degree and master's degree programs. We are also passionate about community investment and, in 2019, we joined the Ban the Box initiative which provides work opportunities for formerly incarcerated individuals.

Governmental Regulation and Climate Change

As a company with operations in both the United States and Canada, we are subject to the laws of both jurisdictions in which we operate and the rules and regulations of various governing bodies, which may differ among those jurisdictions. Compliance with these laws, rules and regulations has not had, and is not expected to have, a material effect on our capital expenditures, results of operations and competitive position as compared to prior periods. We are also subject to numerous environmental and regulatory requirements related to our operations. For further information related to such regulation, see the risks described under the heading "Risk Factors" in this Annual Report.

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

There is inherent risk of incurring significant environmental costs and liabilities in the performance of our operations due to our handling of petroleum hydrocarbons, other hazardous substances, and wastes, as a result of air emissions and wastewater discharges related to our operations, and because of historical operations and waste disposal practices. Spills or other releases of regulated substances, including such spills and releases that occur in the future, could expose us to material losses, expenditures, and liabilities under applicable environmental laws and regulations. Under certain of such laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination, regardless of whether we were responsible for the release or contamination and even if our operations met previous standards in the industry at the time they were conducted. The following is a summary of some of the existing laws, rules, and regulations to which we are subject.

U.S. Laws and Regulations

Hazardous Substances and Waste Handling

The Resource Conservation and Recovery Act ("RCRA") and comparable state statutes regulate the generation, transportation, treatment, storage, disposal, and cleanup of hazardous and non-hazardous wastes. Under guidance issued by the U.S. Environmental Protection Agency (the "EPA"), the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. RCRA currently exempts many E&P wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas. However, these E&P wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas E&P wastes now classified as non-hazardous could be classified as hazardous waste in the future. Stricter regulation of wastes generated during our or our customers' operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our services and adversely affect our business. We cannot guarantee that the EPA will not revisit the exemption of E&P waste or that waste will not become more heavily regulated at the federal or state level.

Comprehensive Environmental Response, Compensation, and Liability Act

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current and former owner or operator of the site where the release occurred and anyone who transported or disposed or arranged for the transport or disposal of a hazardous substance released at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA and any state analogs may be subject to joint and several strict liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources and for the costs of certain health studies. We currently own, lease, or operate numerous properties that have been used for manufacturing and other operations for many years. These properties and the substances disposed or released on them may be

subject to CERCLA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

Worker Health and Safety

We are subject to a number of federal and state laws and regulations, including the OSHA, establishing requirements to protect the health and safety of workers. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act, and comparable state statutes require maintenance of information about hazardous materials used or produced in operations and provision of this information to employees, state and local government authorities, and citizens. Specifically, OSHA has enacted a regulation regarding crystalline silica exposures, which included requirements that hydraulic fracturing operations implement dust controls to limit exposures to the substance. Additionally, the Federal Motor Carrier Safety Administration (the “FMCSA”) regulates and provides safety oversight of commercial motor vehicles, the EPA establishes requirements to protect human health and the environment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives establishes requirements for the safe use and storage of explosives, and the federal Nuclear Regulatory Commission establishes requirements for the protection against ionizing radiation. Substantial fines and penalties can be imposed, and orders or injunctions limiting or prohibiting certain operations may be issued, in connection with any failure to comply with these laws and regulations.

Water Discharges

The federal Water Pollution Control Act (the “Clean Water Act”) and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the U.S. The discharge of pollutants into regulated waters, including jurisdictional wetlands, is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. To the extent the agencies expanding the range of properties subject to the Clean Water Act’s jurisdiction, certain energy companies could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas, which in turn could reduce demand for our services. Furthermore, the process for obtaining permits has the potential to delay our operations and those of our customers. Spill prevention, control, and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture, or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of wastewater and storm water runoff from certain types of facilities. The Clean Water Act and analogous state laws provide for administrative, civil, and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act of 1990, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

Air Emissions

The federal Clean Air Act (the “CAA”) and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. These regulations change frequently. These laws and regulations may require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements, or utilize specific equipment or technologies to control emissions of certain pollutants. In recent years, the CAA has been used to impose additional stringent requirements upon oil and gas production operations. While these rules may not be directly applicable to our business, they are applicable to the business of our customers. Promulgation of stricter permitting or emission control requirements could delay or impair our or our customers’ ability to obtain air emission permits, to develop new wells and to continue to operate existing wells, and result in fewer wells being drilled or redeveloped, causing a decrease in demand for our services. Federal and state regulatory agencies can impose administrative, civil, and criminal penalties, as well as injunctive relief, for non-compliance with air permits or other requirements of the CAA and associated state laws and regulations.

Climate Change

The EPA has determined that emissions of greenhouse gases, including carbon dioxide and methane, present a danger to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth’s atmosphere and other climatic changes. The EPA has established greenhouse gas emissions reporting requirements for sources in the oil and gas sector and has also promulgated rules requiring certain large stationary sources of greenhouse gases to obtain preconstruction permits under the CAA and follow “best available control technology” requirements. Although we are not likely to become subject to greenhouse gas emissions permitting and best available control technology requirements because none of our facilities are presently major sources of greenhouse gas emissions, such requirements could become applicable to our customers. In addition, the EPA has used the CAA to impose additional greenhouse gas emissions control

requirements upon our customers. The recently passed Inflation Reduction Act (“IRA 2022”) imposes a methane emissions charge on certain emissions from specific classes of sources that are required to report their greenhouse gas emissions. The fee will start in calendar year 2024. This fee as well as additional requirements on greenhouse gas emissions from our customers could have an adverse effect on their costs of operations or financial performance, thereby adversely affecting our business, financial condition, and results of operations. Also, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases, and many states have already established regional greenhouse gas “cap-and-trade” programs. The adoption of any legislation or regulation that restricts emissions of greenhouse gases from the equipment and operations of our customers or with respect to the oil and natural gas they produce could adversely affect demand for our products and services.

Hydraulic Fracturing

Our business is clearly dependent on hydraulic fracturing and horizontal drilling activities. As further described herein, hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shale. The process, which involves the injection of water, sand, and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. Specifically, there is considerable uncertainty surrounding regulation of the emissions of methane, which may be released during hydraulic fracturing, chemicals used in the hydraulic fracturing process, the discharge of wastewater from hydraulic fracturing operations and concerns about the triggering of seismic activity by the injection of produced waters into underground wells. Certain proposed regulation could make it significantly more difficult and/or costly to drill and operate oil and gas wells. If adopted, such regulation could result in a decline in the completion of new oil and gas wells or the recompletion of existing wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the demand for our services. Given the long-term trend towards increasing regulation, future regulation in the industry remains a possibility.

Some states, counties, and municipalities have enacted or are considering moratoria on hydraulic fracturing. For example, New York, Vermont, Maryland, and Washington have banned, or are in the process of banning, the use of high-volume hydraulic fracturing. Alternatively, some municipalities are, or have considered, zoning and other ordinances, the conditions of which could impose a de facto ban on drilling and/or hydraulic fracturing operations. Further, some states, counties, and municipalities are closely examining water use issues, such as permit and disposal options for processed water, which could have a material adverse impact on our financial condition, prospects, and results of operations if such additional permitting requirements are imposed upon our industry. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could reduce demand for our business by making it more difficult or costly for certain customers to perform fracturing to stimulate production from tight formations.

National Environmental Policy Act

Businesses and operations of our customers that are carried out on federal lands may be subject to the National Environmental Policy Act (“NEPA”), which requires federal agencies, including the U.S. Department of the Interior, to evaluate major agency actions having the potential to significantly impact the human environment. In the course of such evaluations, an agency will evaluate the potential direct, indirect, and cumulative impacts of a proposed project and, if necessary, will prepare a detailed Environmental Impact Statement that must be made available for public review and comment. To the extent that our customers’ current activities, as well as proposed plans, on federal lands require governmental permits that are subject to the requirements of NEPA, this process has the potential to delay or impose additional conditions upon the development of oil and natural gas projects which in turn could reduce demand for our services.

Endangered Species Act and Migratory Bird Treaty Act

The federal Endangered Species Act (“ESA”) was established to protect endangered and threatened species. Pursuant to that act, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species or its habitat. The U.S. Fish and Wildlife Service (the “FWS”) must also designate the species’ critical habitat and suitable habitat as part of the effort to ensure survival of the species. A critical habitat or suitable habitat designation could result in further material restrictions to land use and may materially delay or prohibit land access for oil and natural gas development and development of sand mines used for hydraulic fracturing. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act (the “MBTA”), which makes it illegal to, among other things, hunt, capture, kill, possess, sell, or purchase migratory birds, nests, or eggs without a permit. This prohibition covers most bird species in the U.S. Future implementation of the rules implementing the ESA and the MBTA are uncertain. If we or our customers were to have areas within our respective operations designated as critical or suitable habitat for a protected species, it could decrease demand for our services and have a material adverse effect on our business.

Canadian Laws and Regulations

Companies such as us offering energy services that include hydraulic fracturing, engineering, and wireline services in the Province of Alberta in Canada are regulated by both the provincial government of Alberta (“Province”) and the federal government of Canada (“Canada”). This includes, but is not limited to, regulation related to environmental protection legislation, climate change legislation, fracking legislation, and legislation related to wildlife. In addition to being regulated by the Province and Canada, energy services companies may also be subject to other international, national, and subnational laws, regulations, and policies.

Provincial Legislation

Energy services companies are primarily regulated by provincial governments in Canada. For example, in Alberta, provincial legislation potentially applicable to our Canadian operations includes the Environmental Protection and Enhancement Act, RSA 2000, e E-12. This Act promotes the protection, enhancement and wise use of the environment, and deals with matters such as air emissions, water discharges, and the handling of hazardous substances and waste control (for example, under the Waste Control Regulation, Alta Reg 192/1996).

Other potentially applicable provincial legislation in Alberta includes legislation directed at the transportation of dangerous goods, including oil (the Dangerous Goods Transportation and Handling Act, RSA 2000, c D-4 and associated regulations), legislation intended to provide for the responsible management of oil wells and associated sites (the Oil and Gas Conservation Act, RSA 2000, c O-6), legislation establishing regulatory bodies overseeing oil and gas and electricity in Alberta (the Responsible Energy Development Act, SA 2012, c R-17.3 and the Alberta Utilities Commission Act, SA 2007, c A-37.2), legislation governing the removal of gas or propane from Alberta (the Gas Resources Preservation Act, RSA 2000, c G-4), legislation to effect conservation and prevent waste of the oil sands resource in Alberta (the Oil Sands Conservation Act, RSA 2000, c O-7) and legislation governing worker safety (the Occupational Health and Safety Act, SA 2017, c O-2.1).

The Alberta Energy Regulator has a number of directives that are applicable to energy services companies, such as Directive 050 which addresses salinity ranges for soils that can receive drilling wastes, and Directive 058, which sets out regulatory requirements for the handling, treatment, and disposal of upstream oilfield waste. Other provinces in Canada have their own statutory regime applicable to oilfield service companies.

Federal Legislation

The Federal government in Canada shares certain jurisdiction with the provinces over certain environmental matters. Federal legislation potentially applicable to our Canadian operations includes legislation focused on regulating greenhouse gases (the Greenhouse Gas Pollution Pricing Act, SC 2018, c 12, s 186), legislation aimed at protecting wildlife (the Species at Risk Act, SC 2002, c 29), legislation governing approvals for projects (the Impact Assessment Act, SC 2019, c 28, s 1), and legislation governing the transportation of potentially dangerous substances (the Transportation of Dangerous Goods Act, 1992, SC 1992, c 34).

Properties

Properties

Our corporate headquarters are located at 950 17th Street, Suite 2400, Denver, Colorado 80202. We lease our general office space at our corporate headquarters. The lease expires in December 2027. We currently own or lease the following additional principal properties:

District Facility Location	Size	Leased or Owned
Midland, TX	160,000 sq. ft on 147 acres	Owned
Odessa, TX	77,500 sq. ft on 47 acres	Owned
Cibolo, TX	90,000 sq. ft on 34 acres	Owned
Kermit, TX	5,000 acres	Owned
Monahans, TX	3,200 acres	Owned
Magnolia, TX	63,350 sq. ft.	Leased (through May 31, 2031)
Gainesville, TX	170,000 sq. ft.	Leased (through August 31, 2023)
Shreveport, LA	225,000 sq. ft. on 50 acres	Owned
Cheyenne, WY	115,000 sq. ft on 60 acres	Owned
Gillette, WY	32,757 sq. ft on 15 acres	Leased (through December 31, 2034)
Henderson, CO	50,000 sq. ft on 13 acres	Leased (through December 31, 2034)
Henderson, CO	96,582 sq. ft on 12 acres	Owned
Williston, ND	30,000 sq. ft on 15 acres	Owned
Farmington, NM	34,000 sq. ft on 30 acres	Owned
El Reno, OK	80,000 sq. ft on 33 acres	Owned
Red Deer, AB	170,000 sq. ft on 42 acres	Owned
Grand Prairie, AB	135,000 sq. ft on 40 acres	Owned
Huallen, AB	80 acres	Owned

We also lease several smaller facilities, which leases generally have terms of one to six years. We believe that our existing facilities are adequate for our operations and their locations allow us to efficiently serve our customers. We do not believe that any single facility is material to our operations and, if necessary, we could readily obtain a replacement facility.

Marketing and Customers

We have developed long-term partnerships with our customers through a continuous dialogue focused on their production economics. Further, we have a proven track record of executing our customers' plans and delivering on time and in line with expected costs. Our customer base includes a broad range of integrated and independent E&P companies, including some of the largest E&P companies in our areas of operation such as Occidental Petroleum Corp, ConocoPhillips Company, BP p.l.c., and ExxonMobil. Our technological innovations, customer-tailored approach and track record of consistently providing high-quality, safe and reliable service has allowed us to develop long-term customer partnerships, which we believe makes us the service provider of choice for many of our customers.

Our sales and marketing activities typically are performed through our local sales representatives in each geographic region and are supported by our corporate headquarters. For the years ended December 31, 2022, 2021 and 2020, our top five customers collectively accounted for approximately 30%, 27%, and 48% of our revenues, respectively. For the years ended December 31, 2022 and 2021, no customer accounted for more than 10% of our revenues. For the year ended December 31, 2020, PDC Energy Inc., WPX Energy, Conoco-Phillips Company, and Parsley Energy Operations, LLC each accounted for more than 10% of our revenues.

Suppliers and Raw Materials

We have a dedicated supply chain team that manages sourcing and logistics to ensure flexibility and continuity of supply in a cost-effective manner across our areas of operation. We have built long-term relationships with multiple industry leading suppliers of proppant, chemicals and hydraulic fracturing equipment and have started to internally design and assemble key pump and maintenance parts. In addition, we have built a strong relationship with the assemblers of our custom-designed hydraulic fracturing fleets and believe we will continue to have timely access to new, high capability fleets as we continue to grow. In 2018, we vertically integrated a supplier of certain major components through the acquisition of ST9 Gas and Oil LLC. In October 2021, we vertically integrated a supplier of our containerized sand and last mile proppant logistics solutions with the acquisition of PropX.

We purchase a wide variety of raw materials, parts and components that are manufactured and supplied for our operations. We are not dependent on any single source of supply for those parts, supplies or materials. To date, we have generally been able to obtain the equipment, parts and supplies necessary to support our operations, although we have experienced delivery delays and shortages on some items. While we believe that we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of these materials and/or products by one of our suppliers, we may not always be able to do so. In addition, certain materials for which we do not currently have long-term supply agreements could experience shortages and significant price increases in the future. As a result, we may be unable to mitigate any future supply shortages and our results of operations, prospects and financial condition could be adversely affected. The OneStim Acquisition included two state-of-the-art sand mines in the Permian Basin, which helps alleviate the risk of proppant supply shortages.

Competition

The markets in which we operate are highly competitive. We provide services in various geographic regions across the United States and Canada, and our competitors include many large and small oilfield service providers, including some of the largest integrated service companies. Our hydraulic fracturing services compete with large, integrated companies such as Halliburton Company as well as other companies including Calfrac Well Services Ltd., ProFrac Holding Corp., NexTier Oilfield Solutions Inc., Universal Pressure Pumping, Inc., ProPetro Services, Inc., RPC, Inc., and STEP Energy Services. In addition, we compete regionally with smaller service providers.

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

Available Information

We file or furnish annual, quarterly and current reports, proxy statements and other documents with the SEC under the Exchange Act. The SEC also maintains an internet website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC.

We also make available free of charge through our website, www.libertyfrac.com, electronic copies of certain documents that we file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors

Described below are certain risks that we believe apply to our business and the industry in which we operate. You should carefully consider each of the risks described below in conjunction with other information including the financial statements and related notes provided in this Annual Report and in our other public disclosures. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and consequently, the market value of our Class A Common Stock. These risks could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. The risks described below are those that we have identified as material and is not an exhaustive list of all the risks we face. There may be other risks and uncertainties not currently known to us or that we currently deem to be immaterial which may also materially and adversely affect our business operations in the future. Please refer to the explanation of the qualifications and limitation on forward-looking statements set forth on page ii hereof.

Risks Related to the Oil and Natural Gas Industry

Federal, state, local and other applicable legislative and regulatory initiatives relating to hydraulic fracturing may serve to limit future oil and natural gas E&P activities and could have a material adverse effect on our results of operations and business.

Various federal, state, local and other applicable legislative and regulatory initiatives have been, or could be undertaken which could result in additional requirements or restrictions being imposed on hydraulic fracturing operations. Currently, hydraulic fracturing is generally exempt from federal regulation under the Safe Drinking Water Act Underground Injection Control (the “SDWA UIC”) program and is typically regulated by state oil and gas commissions or similar agencies but increased scrutiny and regulation by federal agencies does occur. For example, in late 2016, the EPA released a final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that “water cycle” activities associated with hydraulic fracturing may impact drinking water resources. Additionally, the EPA has asserted regulatory authority pursuant to the SDWA UIC program over hydraulic fracturing activities involving the use of diesel fuel in the fracturing fluid and issued guidance regarding the permitting of such activities. Furthermore, the U.S. Bureau of Land Management has previously published rules that established stringent standards relating to hydraulic fracturing on federal and Native American lands. Similarly, the EPA has adopted rules on the capture of methane and other emissions released during hydraulic fracturing. These rules have been the subject of ongoing legal challenges. In January 2021, President Biden issued an executive order that called for issuance of proposed rules by no later than September 2021 that would restore rules for methane standards applicable to new, modified, and reconstructed sources and establish new methane and volatile organic compound standards applicable to existing oil and gas operations, including the production, transmission, processing and storage segments. On November 2021, the EPA proposed such a rule and in November 2022, EPA issued a proposal that updates and expands on the November 2021 proposal. If adopted, such a rule could make it significantly more difficult and/or costly to drill and operate oil and gas wells. As a result, such rule, if adopted, could result in a decline in the completion of new oil and gas wells or the recompletion of existing wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the demand for our services. In addition to federal regulatory actions, legislation has been introduced, but not enacted, in Congress to provide for further federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process.

Moreover, many states and local governments have adopted regulations that impose more stringent permitting, disclosure, disposal and well-construction requirements on hydraulic fracturing operations, including states where we or our customers operate, such as Texas, Colorado and North Dakota. States could also elect to place prohibitions on hydraulic fracturing, as several states have already done. In addition, some states have adopted broader sets of requirements related to oil and gas development more generally that could impact hydraulic fracturing activities. For example, in 2019 the Colorado legislature adopted SB 19-181, which gave greater regulatory authority to local jurisdictions and reoriented the mandate of the Colorado Oil and Gas Conservation Commission to place more emphasis on the protection of human health and the environment. In response, a reconstituted Colorado Oil and Gas Conservation Commission modified its rules to address the requirements of the legislation, adopting increased setback requirements, provisions for assessing alternative sites for well pads to minimize environmental impacts, and consideration to cumulative impacts, among other provisions. Environmental groups, local citizens groups and others continue to seek to use a variety of means to force action on additional restrictions on hydraulic fracturing and oil and gas development generally.

Additionally, in July 2021, a non-governmental organization issued a report that raised concerns that chemicals used in hydraulic fracturing could be within the class of chemicals known as per- and polyfluoroalkylated substances (“PFAS”) or precursors to such substances. PFAS is the subject of intense federal and state regulatory scrutiny. Should PFAS be in hydraulic fracturing chemicals, this could open up a new front for the regulation of hydraulic fracturing.

Some states in which we operate require the disclosure of some or all of the chemicals used in our hydraulic fracturing operations. Certain aspects of one or more of these chemicals may be considered proprietary by us or our chemical suppliers. Disclosure of our proprietary chemical information to third parties or to the public, even if inadvertent, could diminish the value of our trade secrets or those of the chemicals suppliers and could result in competitive harm to us, which could have an adverse impact on our business, financial condition, prospects and results of operations.

In recent years, there have been allegations that hydraulic fracturing may result in seismic activities. Although the extent of any correlation between hydraulic fracturing and seismic activity has been and remains the subject of studies and debate, some parties believe that there is a causal relationship. As a result, federal and state legislatures and agencies may seek to further regulate, restrict or prohibit hydraulic fracturing. Such actions could result in a decline in the completion of new oil and gas wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the demand for our services.

Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to, and litigation concerning, oil and natural gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays for our customers or increased operating costs in the production of oil and natural gas, including from the developing shale plays, or could make it more difficult for (or could result in a prohibition for) us and our customers to perform hydraulic fracturing. The adoption of any additional laws or regulations regarding hydraulic fracturing or limitation in hydraulic fracturing could potentially cause a decrease in the completion of new oil and natural gas wells and an associated decrease in demand for our services and increased compliance costs and time. Such events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Additional legislation, executive actions, regulations or other regulatory initiatives to limit, delay or prohibit hydraulic fracturing or other aspects of oil and gas development may be pursued. In the event that these or other new federal restrictions, delays or prohibitions relating to the hydraulic fracturing process are adopted in areas where we or our customers conduct business, we or our customers may incur additional costs or permitting requirements to comply with such federal requirements that may be significant and, in the case of our customers, also could result in added restrictions or delays in the pursuit of exploration, development, or production activities, which would in turn reduce the demand for our services and have a material adverse effect on our results of operations.

Federal legislation and regulatory initiatives relating to drilling on federal lands could harm our business and negatively impact the oil and natural gas industry.

Businesses and operations of our customers may be carried out on federal lands. The Biden administration has announced that it is considering more stringent regulations for operations on such lands, and in January 2021, the U.S. Department of the Interior issued an order that effectively suspends new oil and gas leases and drilling permits on non-Indian federal lands and waters for a period of 60 days. However, the suspension does not limit existing operations under valid leases.

President Biden followed with an executive order directing the Secretary of the Interior to pause the issuance of new oil and gas leases on federal public lands and offshore waters pending completion of a comprehensive review of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities. The leasing suspension has been the subject of several lawsuits, resulting in conflicting decisions on the legality of the lease suspension. For example, in August 2022, the U.S. District Court for the Western District of Louisiana blocked the Biden administration's ability to unilaterally pause oil and gas leasing in 13 states, holding that the U.S. Department of the Interior violated federal law when it canceled onshore and offshore leasing on federal lands. While the various lawsuits were pending, in August 2022, Congress passed the 2022 IRA which, among other things, makes changes to the federal oil and gas leasing program (including increasing royalty rates and implementing policies to discourage venting and flaring) and requires the Biden administration to hold several oil and gas lease auctions, including many that had been suspended or cancelled.

Additionally, in November 2021, the U.S. Department of the Interior released a report on the federal oil and gas leasing program, which found that the current program fails to serve the public interest. The report makes several recommendations, including increasing royalty rates and adding new restrictions on what lands are made available for oil and gas development to minimize leasing of lands with low potential for development. The U.S. Department of the Interior is expected to propose rules based on these recommendations. In April 2022, the U.S. Department of the Interior also announced that the U.S. Bureau of Land Management would post notices for significantly reformed onshore lease sales that would promote the public interest in public lands while addressing deficiencies in the current federal oil and gas leasing program. The new lease sales will incorporate many of the recommendations in the U.S. Department of the Interior report on the federal leasing program. Such scheduled sales began in June 2022.

Furthermore, a group of oil and gas related interests has also sued alleging that lease sales are not occurring as required under the Mineral Leasing Act. In addition, where lease sales have occurred, environmental groups have sued to block the sales. On June 1, 2022, the U.S. District Court for the District of Columbia granted a motion to voluntarily dismiss three cases after the U.S. Bureau of Land Management and other defendants agreed to conduct more robust environmental reviews of certain oil and gas leases and reconsider the cumulative climate effects of these leases. The settlement agreements apply to nearly four

million acres of land in Colorado, Wyoming, Utah, Montana, and New Mexico. If the U.S. Bureau of Land Management fails to complete its obligations under the settlement agreements, the plaintiffs can reinstate the litigation.

To the extent our customers operate on leased federal land, these and other regulatory actions could have a material adverse effect on the Company and our industry.

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

Our business is directly affected by our customers' capital spending to explore for, develop and produce oil and natural gas in the United States and Canada. In addition, certain of our customers could become unable to pay their vendors and service providers, including us, as a result of a decline in commodity prices. Reduced discovery rates of new oil and natural gas reserves in our areas of operation as a result of decreased capital spending may also have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices. Any of these conditions or events could adversely affect our operating results. If current activity levels decrease or our customers further reduce their capital spending, it could have a material adverse effect on our liquidity, results of operations and financial condition.

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

- expected economic returns to E&P companies of new well completions;
- domestic and foreign economic conditions and supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level of global oil and natural gas exploration and production;
- the level of domestic and global oil and natural gas inventories;
- the supply of and demand for hydraulic fracturing services and equipment in the United States and Canada;
- federal, tribal, state and local laws, regulations and taxes, including the policies of governments regarding hydraulic fracturing, oil and natural gas exploration, development and production activities and the transportation of oil and gas by pipeline, as well as non-U.S. governmental regulations and taxes;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- political and economic conditions in oil and natural gas producing countries;
- actions by the members of the Organization of Petroleum Exporting Countries and other oil exporting nations with respect to oil production levels and potential changes in such levels;
- global weather conditions and natural disasters;
- worldwide political, military and economic conditions;
- the cost of producing and delivering oil and natural gas;
- lead times associated with acquiring equipment and products and availability of qualified personnel;
- the discovery rates of new oil and natural gas reserves;
- the production decline rate of existing oil and gas wells;
- stockholder activism or activities by non-governmental organizations to limit certain sources of funding for the energy sector or to restrict the exploration, development, production and transportation of oil and natural gas;
- the availability of water resources, suitable proppant and chemical additives in sufficient quantities for use in hydraulic fracturing fluids;
- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- the availability, proximity and capacity of oil and natural gas pipelines and other transportation facilities;
- merger and divestiture activity among oil and natural gas producers;
- the price and availability of alternative fuels and energy sources; and
- uncertainty in capital and commodities markets and the ability of oil and natural gas companies to raise equity capital and debt financing.

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

The demand for our hydraulic fracturing services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility or weakness in oil prices or natural gas prices (or the perception that oil prices or natural gas prices will decrease) affects the spending patterns of our customers and may result in the drilling of fewer new wells. This, in turn, could lead to lower demand for our services and may cause lower utilization of our assets. We have experienced, and may in the future experience significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices.

Prices for oil and natural gas historically have been extremely volatile and are expected to continue to be volatile. During the year 2022, the posted WTI price traded at an average of \$94.90 per barrel (“Bbl”), as compared to the 2021 average of \$68.13 per Bbl and the 2020 average of \$39.16 per Bbl. During the fourth quarter of 2022, WTI oil prices averaged \$82.79 compared to \$93.06 in the third quarter of 2022 and \$77.33 in the fourth quarter of 2021. If the prices of oil and natural gas remain or become more volatile, our operations, financial condition, cash flows and level of expenditures may be materially and adversely affected.

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

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

As described above, in January 2021, the U.S. Department of the Interior issued an order that effectively suspends new oil and gas leases and drilling permits on non-Indian federal lands and waters for a period of 60 days, but the suspension does not limit existing operations under valid leases. President Biden followed with an executive order that ordered the Secretary of the Interior to pause the issuance of new oil and gas leases on federal public lands and offshore waters pending completion of a comprehensive review of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities. This order further directs agencies to identify fossil fuel subsidies provided by such agencies and take measures to ensure that federal funding is not directly subsidizing fossil fuels, with an objective of eliminating fossil fuel subsidies from federal budget requests beginning in 2022. This order is currently being challenged by industry groups. While the various lawsuits were pending, in August 2022, Congress passed the 2022 IRA which, among other things, makes changes to the federal oil and gas leasing program (including increasing royalty rates and implementing policies to discourage venting and flaring) and requires the Biden administration to hold several oil and gas lease auctions, including many that had been suspended or cancelled. For additional information, see the risk factor titled “Federal legislation and regulatory initiatives relating to drilling on federal lands could harm our business and negatively impact the oil and natural gas industry.”

Oil and natural gas companies’ operations using hydraulic fracturing are substantially dependent on the availability of water. Restrictions on the ability to obtain water for E&P activities and the disposal of flowback and produced water may impact their operations and have a corresponding adverse effect on our business, results of operations and financial condition.

Water is an essential component of shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Our oil and natural gas producing customers’ access to water to be used in these processes may be adversely affected due to reasons such as periods of extended drought, privatization, third party competition for water in localized areas or the implementation of local or state governmental programs to monitor or restrict the beneficial use of water subject to their jurisdiction for hydraulic fracturing to assure adequate local water supplies. The occurrence of these or similar developments may result in limitations being placed on allocations of water due to needs by third party businesses with more senior contractual or permitting rights to the water. Our customers’ inability to locate or contractually acquire and sustain the receipt of sufficient amounts of water could adversely impact their E&P operations and have a corresponding adverse effect on our business, results of operations and financial condition.

Moreover, the imposition of new environmental regulations and other regulatory initiatives could include increased restrictions on our producing customers' ability to dispose of flowback and produced water generated in hydraulic fracturing or other fluids resulting from E&P activities. Applicable laws impose restrictions and strict controls regarding the discharge of pollutants into waters of the United States and require that permits or other approvals be obtained to discharge pollutants to such waters. Additionally, in 2016 EPA adopted a pretreatment standard that prohibits the discharge of wastewater pollutants from onshore unconventional oil and gas extraction facilities to publicly owned treatment works. Further, regulations implemented under both federal and state laws prohibit the discharge of produced water and sand, drilling fluids, drill cuttings and certain other substances related to the natural gas and oil industry into coastal waters. These laws provide for civil, criminal and administrative penalties for any unauthorized discharges of pollutants and unauthorized discharges of reportable quantities of oil and hazardous substances. Compliance with current and future environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells and any inability to secure transportation and access to disposal wells with sufficient capacity to accept all of our flowback and produced water on economic terms may increase our customers' operating costs and could result in restrictions, delays, or cancellations of our customers' operations, the extent of which cannot be predicted.

Our operations are subject to risks associated with climate change and potential regulatory programs meant to address climate change; these programs may impact or limit our business plans, result in significant expenditures or reduce demand for our services and reduce our revenues.

Climate change continues to be the focus of political and societal attention. Numerous proposals have been made and are likely to be forthcoming on the international, national, regional, state and local levels to reduce GHG emissions. These efforts have included or may include cap-and-trade programs, carbon taxes, GHG reporting obligations and other regulatory programs that limit or require control of GHG's from certain sources. Upon taking office, President Biden issued several Executive Orders relating climate change, envisioning a "government-wide approach" to climate policy. At the 26th Conference of the Parties of the United Nations Framework Convention on Climate Change held in October and November 2021, President Biden announced a commitment to significantly reduce GHG's and transition the U.S. economy to net-zero carbon by 2050. At the 27th Conference of the Parties in 2022, President Biden reinforced these commitments and emphasized efforts to reduce methane emissions from the oil and gas sector. Programs addressing climate change may limit the ability to produce crude oil and natural gas, require stricter limits on the release of methane or other GHGs, increase reporting and/or other compliance obligations associated with GHG emissions, limit the ability to explore in new areas, limit the construction of pipelines and related equipment or may make it more expensive to produce, any of which may decrease the demand for our services and our revenues.

Incentives to conserve energy or use alternative energy sources, which can be part of climate change programs, may increase the competitiveness of alternative energy sources (such as wind, solar, geothermal, tidal and biofuels) or increase the focus on reducing the use of combustion engines in transportation (such as governmental mandates that ban the sale of new gasoline-powered automobiles). These actions could, in turn, reduce demand for hydrocarbons and therefore for our services, which would lead to a reduction in our revenues.

An increased societal and governmental focus on ESG and climate change issues may adversely impact our business, impact our access to investors and financing, and decrease demand for our services.

An increased expectation that companies address ESG matters (including climate change) may have a myriad of impacts on our business. Some investors and lenders are factoring these issues into investment and financing decisions. They may rely upon companies that assign ratings to a company's ESG performance. Unfavorable ESG ratings, as well as recent activism around fossil fuels, may dissuade investors or lenders from us and toward other industries, which could negatively impact our stock price or our access to capital. Additionally, some potential sources of investment or financing have announced an intention to avoid or limit investment in companies that engage in hydraulic fracturing. While a substantial number of major banks and financing sources remain active in investments related to hydraulic fracturing, it is possible that the investment avoidance or limitation theme could expand in the future and restrict access to capital for companies like us.

Moreover, while we have and may continue to create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Additionally, to the extent that we report GHG emissions data, the methodologies that we use to calculate our emissions may change over time based upon changing industry standards. We note that standards and expectations regarding the processes for measuring and counting GHG emissions and GHG emission reductions are evolving, and it is possible that our approach to measuring our emissions maybe considered inconsistent with common or best practices with respect to measuring and accounting for such matters. If our approaches to such matters fall out of step with common or best practice, we may be subject to additional scrutiny, criticism, regulatory and investor engagement or litigation, any of which may adversely impact our business, financial condition or results of operation.

Furthermore, the SEC has announced proposed rules that, among other matters, will establish a framework for reporting climate related risks. To the extent that any proposed rules impose additional reporting obligations, we could face increased

costs. Separately, the SEC has also announced that it is scrutinizing existing climate change related disclosure in public filings, increasing the potential for enforcement if the SEC were to allege our existing climate disclosures are misleading or deficient. Furthermore, in November 2022, the U.S. Department of Labor adopted final rules that allow plan fiduciaries to consider climate change and other ESG factors when they select retirement investments and exercise shareholder rights, such as proxy voting. Should plan investors decide to not invest in us based on ESG factors, our business and access to capital may be negatively impacted.

In addition, ESG and climate change issues may cause consumer preference to shift toward other alternative sources of energy, lowering demand for oil and natural gas and consequently lowering demand for our services. In some areas these concerns have caused governments to adopt or consider adopting regulations to transition to a lower-carbon economy. These measures may include adoption of cap-and-trade programs, carbon taxes, increased efficiency standards, prohibitions on the manufacture of certain types of equipment (such as new automobiles with internal combustion engines), and requirements for the use of alternate energy sources such as wind or solar. These types of programs may reduce the demand for oil and natural gas and consequently the demand for our services.

Approaches to climate change and a transition to a lower-carbon economy, including government regulation, company policies, and consumer behavior, are continuously evolving. At this time, we cannot predict how such approaches may develop or otherwise reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. However, any long-term material adverse effect on the oil and gas industry may adversely affect our financial condition, results of operations and cash flows.

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

Our operations are subject to significant hazards often found in the oil and natural gas industry, such as, but not limited to, accidents, including accidents related to trucking operations provided in connection with our services, blowouts, explosions, craterings, fires, natural gas leaks, oil and produced water spills and releases of hydraulic fracturing fluids or other well fluids into the environment. These conditions can cause:

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

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

The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our liquidity, consolidated results of operations and financial condition. Claims for loss of oil and natural gas production and damage to formations can occur in the well services industry. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used or trucking services provided in connection therewith may result in our being named as a defendant in lawsuits asserting large claims.

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

We could experience continued or increased severity of trucking related issues or trucking accidents, which could materially affect our results of operations.

Trucking services can be adversely impacted by traffic congestion, shortage of drivers and weather delays which could hinder our service levels. During 2021 and into 2022 there has been a shortage of available trucking services in the United States due to the industry not having enough qualified drivers, which has impacted our field operations at times. In addition, our field employees are generally required to have a commercial driver's license ("CDL") so they can drive trucks and move our frac pumps and other equipment from location to location. Obtaining employees with CDLs can be challenging during times when the trucking industry has driver shortages, as competition for qualified employees is often more intense. If we are unable

to obtain trucking services on a timely basis or the services of a sufficient number of field employees with CDLs, it could have a material adverse impact on our financial condition, results of operations and cash flows.

In addition, potential liability and unfavorable publicity associated with accidents in the trucking industry can be severe and occurrences are unpredictable. The number and severity of litigation claims may be worsened by distracted driving by both truck drivers and other motorists. Our transportation operations often involve traveling on unpaved roads located in rural areas, increasing the risk of accidents. If we are involved in an accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable environmental laws or regulations, we could owe cleanup costs and incur related liabilities, including substantial fines or penalties or civil and criminal liability. A material increase in the frequency or severity of accidents or workers' compensation claims or the unfavorable development of existing claims could materially adversely affect our results of operations. In the event that accidents occur, we may be unable to obtain desired contractual indemnities, and our insurance may be inadequate in certain cases which could result in substantial losses. Any such lawsuits in the future may result in the payment of substantial settlements or damages and increases to our insurance costs.

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

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

In addition, our customers usually assume responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling and completion fluids. We may have liability in such cases if we are grossly negligent or commit willful acts. Our customers generally agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our hydraulic fracturing operations, their employees are injured by such operations, unless resulting from our gross negligence or willful misconduct. Our customers also generally agree to indemnify us for loss or destruction of customer-owned property or equipment. In turn, we agree to indemnify our customers for loss or destruction of property or equipment we own and for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. However, we might not succeed in enforcing such contractual liability allocation or might incur an unforeseen liability falling outside the scope of such allocation. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

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

Our operations and the operations of our customers are subject to numerous federal, tribal, regional, state and local laws and regulations relating to protection of the environment including natural resources, health and safety aspects of our operations and waste management, including the transportation and disposal of waste and other materials. These laws and regulations may impose numerous obligations on our operations and the operations of our customers, including the acquisition of permits or other approvals to conduct regulated activities, the imposition of restrictions on the types, quantities and concentrations of various substances that may be released into the environment or injected in non-productive formations below ground in connection with oil and natural gas drilling and production activities, the incurrence of capital expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety criteria addressing worker protection. Any failure on our part or the part of our customers to comply with these laws and regulations could result in assessment of sanctions including administrative, civil and criminal penalties; imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting, performance or development of projects or operations; and the issuance of orders enjoining performance of some or all of our operations in a particular area. In addition to civil and other penalties associated with enforcement activities regarding compliance with occupational health and safety laws, our operations may be subject to abatement obligations that could require significant modifications to existing operations to achieve compliance.

Our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling of oilfield and other wastes, because of air emissions and wastewater discharges related to our operations, and due to historical oilfield industry operations and waste disposal practices. Moreover, accidental releases or spills may occur in the course of our operations or at facilities where our wastes are taken for reclamation or disposal, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for injuries to persons or damages to properties or natural resources. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Remedial and abatement costs and other damages arising as a result of environmental and occupational health and safety laws and costs

associated with changes in these laws and regulations could be significant and have a material adverse effect on our liquidity, consolidated results of operations and financial condition.

Laws and regulations protecting the environment generally have become more stringent in recent years and are expected to continue to do so, which could lead to material increases in costs for future environmental compliance and remediation. In particular, the ESA restricts activities that may result in a “take” of endangered or threatened species and provides for substantial penalties in cases where listed species are taken by being harmed. The dunes sagebrush lizard is one example of a species that, if listed as endangered or threatened under the ESA, could impact our operations and the operations of our customers. The dunes sagebrush lizard is found in the active and semi-stable shinny oak dunes of southeastern New Mexico and adjacent portions of Texas, including areas where our customers operate and our frac sand facilities are located. The FWS is currently conducting a review to determine whether listing the dunes sagebrush lizard as endangered or threatened under the ESA is warranted. In July 2020, the FWS published a 90-day finding that a 2018 petition seeking that the dunes sagebrush lizard be listed as endangered or threatened presented substantial evidence indicating that listing may be warranted. In May 2022, an environmental group filed suit against the U.S. Department of the Interior and the FWS alleging that they have unlawfully delayed protection of the dunes sagebrush. If the dunes sagebrush lizard is listed as an endangered or threatened species, our operations and the operations of our customers in any area that is designated as the dunes sagebrush lizard’s habitat may be limited, delayed or, in some circumstances, prohibited, and we and our customers could be required to comply with expensive mitigation measures intended to protect the dunes sagebrush lizard and its habitat. Furthermore, new laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements or increased governmental enforcement with respect to environmental matters could restrict, delay or curtail exploratory or developmental drilling for oil and natural gas by our customers and could limit our well servicing opportunities.

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

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

Technology advancements in well service technologies, including those involving hydraulic fracturing, could have a material adverse effect on our business, financial condition and results of operations.

The hydraulic fracturing industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As competitors and others use or develop new technologies or technologies comparable to ours in the future, we may lose market share or be placed at a competitive disadvantage. Further, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors may have greater financial, technical and personnel resources than we do, which may allow them to gain technological advantages or implement new technologies before we can. Additionally, we may be unable to implement new technologies or services at all, on a timely basis or at an acceptable cost. New technology could also make it easier for our customers to vertically integrate their operations, thereby reducing or eliminating the need for our services. Limits on our ability to effectively use or implement new technologies may have a material adverse effect on our business, financial condition and results of operations.

The ability or willingness of OPEC and other oil exporting nations to set and maintain production levels and/or the impact of sanctions on Russia related to the war in Ukraine may have a significant impact on natural gas commodity prices.

The Organization of Petroleum Exporting Countries and their allies (collectively, OPEC+), is an intergovernmental organization that seeks to manage the price and supply of oil on the global energy market. Actions taken by OPEC+ members, including those taken alongside other oil exporting nations, have a significant impact on global oil supply and pricing. For example, OPEC+ and certain other oil exporting nations have previously agreed to take measures, including production cuts, to support crude oil prices. In March 2020, members of OPEC+ considered extending and potentially increasing these oil production cuts, however these negotiations were unsuccessful. As a result, Saudi Arabia announced an immediate reduction in export prices and Russia announced that all previously agreed oil production cuts expired on April 1, 2020. These actions led to an immediate and steep decrease in oil prices. Conversely, sanctions imposed on Russia in the last few months have increased prices. In October 2022, OPEC+ again determined to reduce production of oil, by approximately 2 million barrels per day. At its meeting on December 4, 2022, OPEC+ agreed to keep its current policy unchanged as the oil markets struggle to assess the impact of a slowing Chinese economy on demand, and the Group of Seven Nations agreed on a price cap on Russian oil supply.

There can be no assurance that OPEC+ members and other oil exporting nations will agree to future production cuts or other actions to support and stabilize oil prices, nor can there be any assurance that sanctions or other global conflicts will not further impact oil prices. Uncertainty regarding future sanctions or actions to be taken by OPEC+ members or other oil

exporting countries could lead to increased volatility in the price of oil and natural gas, which could adversely affect our business, future financial condition and results of operations.

Risks Related to the TRAs

The Company is required to make payments under the TRAs for certain tax benefits that it may claim, and the amounts of such payments could be significant.

In connection with the Company's initial public offering (the "IPO"), on January 17, 2018, the Company entered into two Tax Receivable Agreements (the "TRAs") with R/C Energy IV Direction Partnership, L.P. and the then-existing owners of Liberty Oilfield Services Holdings LLC ("Liberty Holdings") that continued to own Liberty LLC Units (each such person and any permitted transferee, a "TRA Holder"). The TRAs generally provide for the payment by the Company to each TRA Holder 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 recognizes (or is deemed to recognize in certain circumstances) as a result of certain increases in tax basis, net operating losses available to the Company as a result of the corporate reorganization performed in connection with the IPO (the "Corporate Reorganization"), and certain benefits attributable to imputed interest. The Company will retain the benefit of the remaining 15% of these cash savings.

The Company is a holding company and has no material assets other than its direct and indirect equity interests in its subsidiaries. Because the Company has no independent means of generating revenue, its ability to make payments under the TRAs is dependent on the ability of its subsidiaries to make distributions to the Company in an amount sufficient to cover its obligations under the TRAs. To the extent that the Company is unable to make payments under the TRAs for any reason, such payments will be deferred and will accrue interest until paid.

The term of each of the TRAs continues until all tax benefits that are subject to such TRAs have been utilized or expired, unless the Company experiences a change of control (as defined in the TRAs, which includes certain mergers, asset sales and other forms of business combinations) or the TRAs are terminated early (at the Company's election or as a result of its breach), and the Company makes the termination payments specified in such TRAs. In addition, payments the Company makes under the TRAs will be increased by any interest earned from the due date (without extensions) of the corresponding tax return. Payments under the TRAs commenced in 2020 and so long as the tax savings are recognized and the TRAs are not terminated, payments are anticipated to continue for 15 years after the date of the last redemption of the Liberty LLC Units, which occurred on January 31, 2023. Accordingly, if the applicable U.S. federal corporate tax rate is increased, then the amount of TRA payments paid in the future may also increase.

In certain cases, if the Company experiences a change of control (as defined under the TRAs, which includes certain mergers, asset sales and other forms of business combinations) or the TRAs terminate early (at the Company's election or as a result of its breach), the Company would be required to make an immediate lump-sum payment, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. As a result, the Company's obligations under the TRAs could have a substantial negative impact on its liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. There can be no assurance we will be able to finance our obligations under the TRAs. Furthermore, as a result of this payment obligation, holders of our Class A Common Stock could receive substantially less consideration in connection with a change in control transaction than they would receive in the absence of such obligation. Because our payment obligations under the TRAs will not be conditioned upon the TRA Holders' having continued interest in the Company or Liberty LLC, the TRA Holders' interests may conflict with those of the holders of our Class A Common Stock.

Payments under the TRAs are based on the tax reporting positions that we will determine. The TRA Holders will not reimburse us for any payments previously made under the TRAs if any tax benefits that have given rise to payments under the TRAs are subsequently disallowed in an audit, except that excess payments made to any TRA Holder will be netted against payments that would otherwise be made to such TRA Holder, if any, after our determination of such excess. As a result, in such circumstances the Company could make payments that are greater than its actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect the Company's liquidity. Furthermore, the payments under the TRAs will not be conditioned upon a holder of rights under each of the TRAs having a continued ownership interest in the Company or Liberty LLC. For further details of the TRAs, see Note 12—Income Taxes to the consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data."

General Risks Related to our Business

COVID-19 has had in the past, and may in the future have, a material adverse effect on the demand for our services, our operations, business and financial results.

The COVID-19 pandemic created significant uncertainty and economic disruption, as well as heightened volatility in the prices of oil and natural gas. Although government response measures to COVID-19 have generally relaxed, the ultimate impact of this pandemic is uncertain and subject to change. The collapse in the demand for oil during 2020 caused by this unprecedented global health and economic crisis, coupled with an oil oversupply, had a material adverse impact on the demand for our services and on our financial condition, results of operations and cash flows.

We are closely monitoring the continuing effects of the pandemic on our customers, operations, and employees. Oil demand and the demand for our services have since recovered from the lows experienced during the onset of the pandemic. The extent to which our operating and financial results will be affected by COVID-19 in the future will depend on various factors and consequences, such as the ultimate duration and scope of the pandemic, any additional actions by businesses and governments in response to the pandemic, and the speed and effectiveness of responses to combat the virus. COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify herein. COVID-19 may also materially adversely affect our operating and financial results in a manner that is not currently known to us or that we do not currently consider presenting significant risks to us.

We cannot predict the ultimate duration or scope of the COVID-19 pandemic or the response of the overall economy and the financial markets to the COVID-19 pandemic and response measures. Accordingly, if the pandemic worsens or if actions taken by governments and businesses in response to the pandemic in 2020 are re-enacted, the demand for our services may fall again, which would have a material adverse impact on our financial condition, results of operations and cash flows.

We may be adversely affected by uncertainty in the global financial markets and the deterioration of the financial condition of our customers.

Our future results may be impacted by the uncertainty caused by an economic downturn, volatility or deterioration in the debt and equity capital markets, inflation, deflation or other adverse economic conditions that may negatively affect us or parties with whom we do business resulting in a reduction in our customers' spending and their non-payment or inability to perform obligations owed to us, such as the failure of customers to honor their commitments or the failure of major suppliers to complete orders. Additionally, during times when the oil or natural gas markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our services. In addition, in the course of our business we hold accounts receivable from our customers. In the event of the financial distress or bankruptcy of a customer, we could lose all or a portion of such outstanding accounts receivable associated with that customer. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense or loss of expected revenues to us.

Our business, financial condition and results of operations may be adversely impacted by the effects of inflation.

Inflation has the potential to adversely affect our business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. Other inflationary pressures could affect wages, the cost and availability of components, materials and other inputs and our ability to meet customer demand. Inflation may further exacerbate other risk factors, including supply chain disruptions, risks related to international operations and the recruitment and retention of qualified employees.

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

Our top five customers represented approximately 30%, 27%, and 48%, of our consolidated revenue for the years ended December 31, 2022, 2021, and 2020, respectively. It is possible that we will derive a significant portion of our revenue from a concentrated group of customers in the future. If a major customer fails to pay us, revenue would be impacted and our operating results and financial condition could be materially harmed. Additionally, if we were to lose any material customer or our customers were to consolidate or merge with other operators, we may not be able to redeploy our equipment at similar utilization or pricing levels or within a short period of time and such loss could have a material adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels.

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

The oil and natural gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. For example, we depend on digital technologies to perform many of our services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks, have increased. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. In early 2020, we experienced a denial of service cyberattack that targeted a portion of our non-financial data. We immediately shutdown critical systems, diagnosed the root cause of the attack and then methodically returned systems online. This cyberattack disrupted certain non-financial aspects of our internal system for a period of less than one day, while limited and non-critical portions of our systems were kept offline for up to one week in order to properly evaluate the breach. We determined that this cyberattack did not materially affect any of our operations. We engaged in extensive data evaluation for potential damage and concluded that minimal to no data loss had occurred as a result of this cyberattack. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches in the future that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. As cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our insurance coverage for cyberattacks may not be sufficient to cover all the losses we may experience as a result of such cyberattacks.

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

Our hydraulic fracturing fleets and other completion service-related equipment require significant capital investment in maintenance, upgrades and refurbishment to maintain their competitiveness. The costs of components and labor have increased in the past and may increase in the future with increases in demand, which will require us to incur additional costs for any fleets we may acquire in the future. Our fleets and other equipment typically do not generate revenue while they are undergoing maintenance, upgrades or refurbishment. Any maintenance, upgrade or refurbishment project for our assets could increase our indebtedness or reduce cash available for other opportunities. Furthermore, such projects may require proportionally greater capital investments as a percentage of total asset value, which may make such projects difficult to finance on acceptable terms. To the extent we are unable to fund such projects, we may have less equipment available for service or our equipment may not be attractive to potential or current customers. Additionally, competition or advances in technology within our industry may require us to update or replace existing fleets or build or acquire new fleets. Such demands on our capital or reductions in demand for our hydraulic fracturing fleets and the increase in cost of labor necessary for such maintenance and improvement, in each case, could have a material adverse effect on our business, liquidity position, financial condition, prospects and results of operations and may increase our costs.

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

We have established relationships with certain suppliers of our materials (such as, but not limited to, proppant and chemical additives) and other parts, supplies and items needed for our operations. Delays or shortages in materials can result from a variety of reasons, including those caused by weather and natural disasters. Presently, the United States is undergoing a supply chain disruption due to backlogged ports and trucking shortages, and our business is not immune from these effects. Even once the root cause of the supply chain disruption or any future shortage or delay has passed, it can take time for our supply chain to recover and run in a regular fashion. Should the nationwide supply chain disruption continue, or should any of our current suppliers be unable to provide the necessary materials or otherwise fail to deliver the materials in a timely manner and in the quantities required, any resulting delays in the provision of services could have a material adverse effect on our business, results of operations and financial condition. Additionally, increasing costs of such materials may negatively impact demand for our services or the profitability of our business operations. In the past, our industry faced sporadic proppant shortages associated with hydraulic fracturing operations requiring work stoppages, which are believed to have adversely impacted the operating results of several competitors. We may not be able to mitigate any future shortages of materials, including proppant, or the impact of supply chain disruptions. Furthermore, to the extent our contracts require us to purchase more materials, including proppant, than we ultimately require, we may be forced to pay for the excess amount under “take or pay” contract provisions.

We currently utilize two preferred assemblers and a limited number of suppliers for major equipment to both build new fleets and upgrade any fleets we acquire to our preferred specifications, and our reliance on these vendors exposes us to risks including price and timing of delivery.

We currently utilize two preferred assemblers and a limited number of suppliers for major equipment to both build our new fleets and upgrade any fleets we may acquire to our custom design. If demand for hydraulic fracturing fleets or the components necessary to build such fleets increases or these vendors face financial distress or bankruptcy, these vendors may not be able to provide the new or upgraded fleets on schedule or at the current price. If this were to occur, we could be required to seek another assembler or other suppliers for major equipment to build or upgrade our fleets, which may adversely affect our revenues or increase our costs.

Interruptions of service on the rail lines by which we receive proppant could adversely affect our results of operations.

We receive a portion of the proppant used in our hydraulic fracturing services by rail. Rail operations are subject to various risks that may result in a delay or lack of service, including lack of available capacity, mechanical problems, extreme weather conditions, work stoppages, labor strikes, terrorist attacks and operating hazards. Additionally, if we increase the amount of proppant we require for delivery of our services, we may face difficulty in securing rail transportation for such additional amount of proppant. Any delay or failure in the rail services on which we rely could have a material adverse effect on our financial condition and results of operations.

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

We are subject to various transportation regulations including as a motor carrier by the Department of Transportation and by various federal, state, provincial and tribal agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our equipment transportation operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing, driver requirements and specifications and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period and requiring onboard electronic logging devices or limits on vehicle weight and size. As the federal government continues to develop and propose regulations relating to fuel quality, engine efficiency and greenhouse gasses emissions, we may experience an increase in costs related to truck purchases and maintenance, impairment of equipment productivity, a decrease in the residual value of vehicles, unpredictable fluctuations in fuel prices and an increase in operating expenses. Additionally, we rely on third parties to provide trucking services, including hauling proppant to our customer work sites, and these third parties may fail to comply with various transportation regulations, resulting in our inability to use such third party providers. Increased truck traffic may contribute to deteriorating road conditions in some areas where our operations are performed. Our operations, including routing and weight restrictions, could be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads. Proposals to increase federal, state, provincial or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase would increase our operating costs. Also, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations.

Our current and future indebtedness could adversely affect our financial condition.

Effective January 23, 2023, using proceeds from borrowings on our ABL Facility, we repaid all amounts outstanding under the Term Loan Facility. As of February 6, 2023, we had \$284.0 million outstanding under our ABL Facility (defined herein), as well as a letter of credit in the amount of \$2.6 million, with a borrowing base of \$430.4 million. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Debt Agreements.”

Moreover, subject to the limits contained in our ABL Facility, we may incur substantial additional debt from time to time. Any borrowings we may incur in the future would have several important consequences for our future operations, including that:

- covenants contained in the documents governing such indebtedness may require us to meet or maintain certain financial tests, which may affect our flexibility in planning for, and reacting to, changes in our industry, such as being able to take advantage of acquisition opportunities when they arise;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited;
- our ability to use operating cash flow in other areas of our business may be limited because we must dedicate a substantial portion of these funds to make principal and interest payments on our indebtedness;
- we may be more vulnerable to interest rate increases to the extent that we incur variable rate indebtedness;

- we may be competitively disadvantaged to our competitors that are less leveraged or have greater access to capital resources; and
- we may be more vulnerable to adverse economic and industry conditions.

If we incur indebtedness in the future, we may have significant principal payments due at specified future dates under the documents governing such indebtedness. Our ability to meet such principal obligations will be dependent upon future performance, which in turn will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. Our business may not continue to generate sufficient cash flow from operations to repay any incurred indebtedness. If we are unable to generate sufficient cash flow from operations, we may be required to sell assets, to refinance all or a portion of such indebtedness or to obtain additional financing.

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

Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business in a manner that is consistent with applicable laws, rules and permits, which legal requirements are subject to change. Existing and potential customers consider the safety record of their third-party service providers to be of high importance in their decision to engage such providers. If one or more accidents were to occur at one of our operating sites, the affected customer may seek to terminate or cancel its use of our equipment or services and may be less likely to continue to use our services, which could cause us to lose substantial revenues. Furthermore, our ability to attract new customers may be impaired if they elect not to engage us because they view our safety record as unacceptable. In addition, it is possible that we will experience multiple or particularly severe accidents in the future, causing our safety record to deteriorate. This may be more likely as we continue to grow, if we experience high employee turnover or labor shortage, or hire inexperienced personnel to bolster our staffing needs.

If we are unable to fully protect our intellectual property rights, we may suffer a loss in our competitive advantage or market share.

We do not have patents or patent applications relating to many of our key processes and technology. If we are not able to maintain the confidentiality of our trade secrets, or if our competitors are able to replicate our technology or services, our competitive advantage would be diminished. We also cannot ensure that any patents we may obtain in the future would provide us with any significant commercial benefit or would allow us to prevent our competitors from employing comparable technologies or processes.

We may be adversely affected by disputes regarding intellectual property rights of third parties.

Third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any such legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. If we are sued for infringement and lose, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology. Any legal proceeding concerning intellectual property could be protracted and costly regardless of the merits of any claim and is inherently unpredictable and could have a material adverse effect on our financial condition, regardless of its outcome.

If we were to discover that our technologies or products infringe valid intellectual property rights of third parties, we may need to obtain licenses from these parties or substantially re-engineer our products in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. If our inability to obtain required licenses for our technologies or products prevents us from selling our products, that could adversely impact our financial condition and results of operations.

Additionally, we currently license certain third party intellectual property in connection with our business, and the loss of any such license could adversely impact our financial condition and results of operations.

Seasonal weather conditions, natural disasters, public health crises, and other catastrophic events outside of our control could severely disrupt normal operations and harm our business.

Our operations are located in different regions of the United States and Canada. Some of these areas, including the DJ Basin, Powder River Basin, Williston Basin and our Canadian operations, are adversely affected by seasonal weather conditions, primarily in the winter and spring. However, as evidenced by the severe winter weather experienced in the southern United States and Canada during December 2022, weather-related hazards can exist in almost all the areas where we operate. During periods of heavy snow, ice or rain, we may be unable to move our equipment between locations or obtain adequate supplies of raw material or fuel, thereby reducing our ability to provide services and generate revenues. The exploration activities of our customers may also be affected during such periods of adverse weather conditions. Additionally, extended drought conditions in our operating regions could impact our ability or our customers' ability to source sufficient water or

increase the cost for such water. As a result, a natural disaster or inclement weather conditions could severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations. Furthermore, if the area in which we operate or the market demand for oil and natural gas is affected by a public health crisis, such as the coronavirus, or other similar catastrophic event outside of our control, our business and results of operations could suffer.

The sand mining operations are subject to a number of risks relating to the proppant industry.

In connection with the OneStim Acquisition, we acquired two state-of-the-art sand mines in the Permian Basin. Sand mining operations are subject to risks normally encountered in the proppant industry. These risks include, among others: unanticipated ground, grade or water conditions; inability to acquire or maintain, or public or nongovernmental organization opposition to, necessary permits for mining, access or water rights; our ability to timely obtain necessary authorizations, approvals and permits from regulatory agencies (including environmental agencies, such as the FWS, where our operations in West Texas may be slowed, limited or halted due to conservation efforts targeted at the habitat of the dunes sagebrush lizard); pit wall or pond failures, and sluffing events; costs associated with environmental compliance or as a result of unauthorized releases into the environment; restrictions imposed on our operations related to the protection of natural resources, including plant and animal species; and reduction in the amount of water available for processing. Any of these risks could result in delays, limitations or cancellations in mining or processing activities, losses or possible legal liability.

Silica-related legislation, health issues and litigation could have a material adverse effect on our business, reputation or results of operations.

We are subject to laws and regulations relating to human exposure to crystalline silica. Historically, our environmental compliance costs with respect to existing crystalline silica requirements have not had a material adverse effect on our results of operations; however, federal regulatory authorities and analogous state agencies may continue to propose changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits, required controls and personal protective equipment. We may not be able to comply with any new laws and regulations that are adopted, and any new laws and regulations could have a material adverse effect on our operating results by requiring us to modify or cease our operations.

In addition, the inhalation of respirable crystalline silica is associated with the lung disease silicosis. There is evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders such as scleroderma. The actual or perceived health risks of handling hydraulic fracture sand could materially and adversely affect hydraulic fracturing service providers, including us, through reduced use of hydraulic fracture sand, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the industry. Furthermore, we may incur additional costs with respect to purchasing specialized equipment designed to reduce exposure to crystalline silica in connection with our operations or invest capital in new equipment.

We are subject to the Federal Mine Safety and Health Act of 1977, which imposes stringent health and safety standards on numerous aspects of its operations.

Our operations are subject to the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, which imposes stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment, and other matters. Our failure to comply with such standards, or changes in such standards or the re-interpretation or more stringent enforcement thereof, could have a material adverse effect on our business and financial condition or otherwise impose significant restrictions on its ability to conduct mineral extraction and processing operations.

The occurrence of explosive incidents could disrupt our operations and could adversely affect our business, financial condition and results of operations.

The wireline service we provide to oil and natural gas E&P customers involves the storage and handling of explosive materials. Despite the use of specialized facilities to store explosive materials and intensive employee training programs, the handling of explosive materials could result in incidents that temporarily shut down or otherwise disrupt our or E&P customers' operations or could cause restrictions, delays or cancellations in the delivery of services. It is possible that an explosion could result in death or significant injuries to employees and other persons. Material property damage to us, E&P customers and third parties could also occur. Any explosive incident could expose us to adverse publicity or liability for damages or cause production restrictions, delays or cancellations, any of which developments could have a material adverse effect on our ability to compete, business, financial condition and results of operations.

The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations.

In February of 2022, Russian military forces invaded Ukraine, resulting in conflict and disruption in the region. The length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable. This conflict has led and may continue to lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, higher inflation, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. As a result of the invasion and ongoing military conflict, governments in the European Union, the United States, the United Kingdom, Switzerland and other countries have implemented and may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions, and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, supply chain disruptions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations, and could also aggravate the other risk factors that we identify herein.

The choice of forum provisions in our charter and bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our Amended and Restated Certificate of Incorporation (as amended, the "Charter") provides that unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the General Corporation Law of the State of Delaware, the Charter or the Company's bylaws, or (iv) any action asserting a claim against the Company or any director or officer or other employee of the Company governed by the internal affairs doctrine, in each such case subject to Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Second Amended and Restated Bylaws (the "Bylaws") further provide that unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933 (the "Securities Act"). Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of common stock of the Company will be deemed to have notice of and have consented to the provisions of our Charter and Bylaws related to choice of forum. The choice of forum provisions in our Charter and Bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Additionally, the enforceability of choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Charter and Bylaws to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

There can be no assurance we will repurchase shares of our Class A Common Stock in any particular amounts.

The stock markets in general have experienced substantial price and trading fluctuations, which have resulted in volatility in the market prices of securities that often are unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the trading price of our Class A Common Stock. Price volatility over a given period may also cause the average price at which we repurchase our own Class A Common Stock to exceed the stock's price at a given point in time. In addition, significant changes in the trading price of our Class A Common Stock and our ability to access capital on terms favorable to us could impact our ability to repurchase shares of our Class A Common Stock. The timing and amount of any repurchases will be determined by the Company's management based on its evaluation of market conditions, capital allocation alternatives and other factors beyond our control. Our share repurchase program may be modified, suspended, extended or terminated by the Company at any time and without notice.

Risks Related to the OneStim Acquisition

The Company's results may suffer if it does not effectively manage its expanded operations following the OneStim Acquisition.

Since the OneStim Acquisition, the size of the Company's business has increased significantly. In addition, we now own and operate two sand mines. While we have retained qualified personnel to operate the mines, we have not undertaken mining operations in the past. The Company's future success will depend, in part, on the Company's ability to manage this expanded business, which poses numerous risks and uncertainties.

Following the OneStim Acquisition, we expanded our operations to Canada and may be subject to increased business and economic risks.

The Company has historically owned and operated its assets exclusively within the United States. In connection with the OneStim Acquisition, we acquired certain Canadian assets and liabilities, which marked our entry into a new geographical territory where we had limited experience in owning and operating assets and providing our services. As a result, we are subject to a variety of risks inherent in doing business internationally, including: risks related to the legal and regulatory environment in foreign jurisdictions; fluctuations in currency exchange rates; complying with multiple tax jurisdictions; difficulties in staffing and managing international operations and the increased travel, infrastructure and compliance costs associated with international locations and employees; regulations that might add difficulties in repatriating cash earned outside the United States and otherwise preventing us from freely moving cash; complying with statutory equity requirements; and complying with the U.S. Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act (Canada) and other similar laws in Canada. If we fail to manage our operations in Canada successfully, our business may suffer.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Information regarding our properties is contained in “Item 1. Business” and is incorporated by reference herein.

Item 3. Legal Proceedings

The information with respect to this Item 3. Legal Proceedings is set forth in Note 15—Commitments and Contingencies included in “Item 8. Financial Statements and Supplementary Data.”

Item 4. Mine Safety Disclosures

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 Form 10-K.

PART II

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

Market Information

On January 17, 2018, we consummated an initial public offering of our Class A Common Stock at a price of \$17.00 per share. Our Class A Common Stock is traded on the NYSE under the symbol "LBRT." Prior to that time, there was no public market for our Class A Common Stock. There is no public market for our Class B Common Stock.

Holders of our Common Stock

As of February 6, 2023, there were 24 stockholders of record of our Class A Common Stock and no stockholders of record of our Class B Common Stock. The number of record holders is based upon the actual number of holders registered on the books of the Company at such date and does not include holders of shares in "street names" or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depositories.

Dividend Policy

On April 2, 2020, the Company suspended future quarterly dividends until they were reinstated on October 18, 2022 by the Company's Board of Directors (the "Board"). The Company paid cash dividends of \$0.05 per share of Class A Common Stock on December 20, 2022 to stockholders of record as of December 6, 2022. The declaration of dividends is subject to approval by the Board and to the Board's continuing determination that such declaration of dividends is in the best interests of the Company and its stockholders. Future dividends may be adjusted at the Board's discretion based on market conditions and capital availability. We are not required to pay dividends, and our stockholders will not be guaranteed, or have contractual or other rights to receive, dividends.

Recent Sales of Unregistered Equity Securities

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

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

On July 25, 2022, the Board authorized and the Company announced a share repurchase program that allows 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 the share repurchase program that increased the Company's cumulative repurchase authorization to \$500.0 million. 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 repurchases by using cash on hand, borrowings under its revolving credit facility and expected free cash flow to be generated through July 2024.

During the year ended December 31, 2022, the Company repurchased and retired 8,185,890 shares of Class A Common Stock for \$125.3 million or \$15.31 average price per share including commissions, under the share repurchase program. Included in these repurchases, on November 15, 2022, the Company repurchased and retired 1,700,000 shares of Class A Common Stock for \$27.8 million or \$16.35 average price per share from Schlumberger, under the share repurchase program.

As of December 31, 2022, \$124.7 million remained authorized for future repurchases of Class A Common Stock under the share repurchase program and \$329.7 million as of February 6, 2023, following the authorization increase.

The following sets forth information with respect to our repurchases of shares of Class A Common Stock during the three months ended December 31, 2022:

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
October 1, 2022 - October 31, 2022	—	—	—	180,000,041
November 1, 2022 - November 30, 2022	1,906,221	16.30	1,906,221	148,922,516
December 1, 2022 - December 31, 2022	1,577,503	15.28	1,577,503	124,816,890
Total	3,483,724	15.84	3,483,724	124,816,890

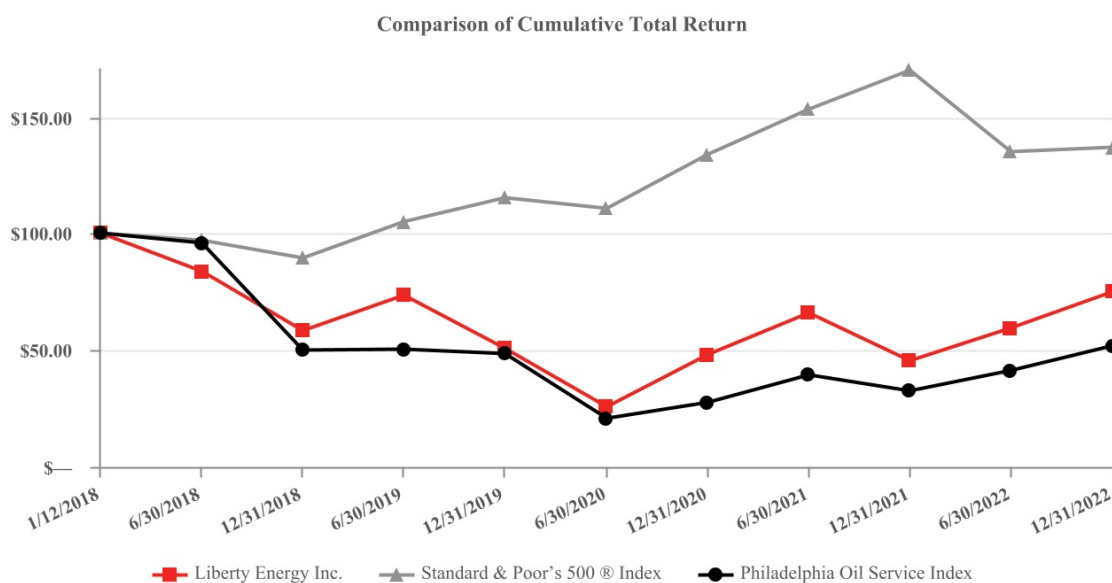
(1) On July 25, 2022, the Board authorized and the Company announced a share repurchase program that allows the Company to repurchase up to \$250.0 million of the Company's Class A Common Stock beginning immediately and continuing through and including July 31, 2024. Additionally, on January 24, 2023 the Board authorized and the Company announced an increase to the share repurchase program that increased the Company's cumulative repurchase authorization to \$500.0 million. The \$250.0 million increase is not represented in the dollar value of shares that may yet be purchased under the plans or programs in the chart above. 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 \$15.84 was calculated excluding commissions.

Stock Performance Graph

The following graph and table compares the cumulative total return on our Class A Common Stock with the cumulative total return on the Standard & Poor's 500® Index and the Philadelphia Oil Service Index, since January 12, 2018, the first day on which shares of our Common Stock issued in our IPO commenced trading on the NYSE and each semi-annual period thereafter through December 31, 2022. The graph assumes that \$100 was invested in our Class A Common Stock in each index on January 12, 2018 and that any dividends were reinvested on the last day of the month in which they were paid. The cumulative total return set forth is not necessarily indicative of future performance.

The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filing.



	For Year Ended 2018			For the Year Ended 2019		For the Year Ended 2020	
	January 12,	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
Liberty Energy Inc.	\$ 100.00	\$ 83.87	\$ 58.38	\$ 73.40	\$ 50.91	\$ 25.55	\$ 48.08
Standard & Poor's 500® Index	100.00	97.00	89.45	104.97	115.28	110.62	134.02
Philadelphia Oil Service Index	100.00	95.91	49.91	50.37	48.48	20.67	27.45

	For the Year Ended 2021		For the Year Ended 2022	
	June 30,	December 31,	June 30,	December 31,
Liberty Energy Inc.	\$ 66.03	\$ 45.23	\$ 59.50	\$ 74.89
Standard & Poor's 500® Index	153.34	170.07	135.07	137.00
Philadelphia Oil Service Index	39.47	32.65	41.05	51.93

Item 6. [Reserved]

Item 7. 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 our audited consolidated financial statements and related notes appearing elsewhere in this Annual Report. 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 this Annual Report under "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors." Except as required by law, we assume no obligation to update any of these forward-looking statements. This section of this Annual Report generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. For discussion of year ended December 31, 2020, as well as the year ended 2021 compared to the year ended December 31, 2020, refer to Part II, Item 7— "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2021 Annual Report.

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, 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 December 31, 2022. We provide our services primarily in the Permian Basin, the Eagle Ford Shale, the DJ Basin, the Williston Basin, the San Juan 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 two sand mines in the Permian Basin.

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 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) the successful test of digiFrac™, our innovative, purpose-built electric frac pump that has approximately 25% lower CO_{2e} emission profile than the Tier IV DGB; and (vi) our PropX wet sand handling technology which eliminates the need to dry sand, enabling the deployment of mobile mines nearer to wellsites. In addition, our integrated supply chain includes proppant, chemicals, equipment, 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

We believe the fundamental outlook for North American hydrocarbons remains healthy. E&P customers continue to see attractive drilling returns, particularly in oil, even as breakeven prices have increased from the pandemic lows. Major operators are redirecting capital spending to North America and domestic E&P operators' pronouncements of returns targets infer a continuation of resource development to at least offset natural production declines. As North American oil and gas production reaches new heights, we expect to experience a rising level of frac demand to simply keep production flat. While some industry pullback in natural gas regions is possible, due to decreasing prices, demand in oilier areas continues to outstrip supply and we do not expect this possible pullback will have an impact on overall frac demand in 2023.

While demand currently remains strong, we acknowledge there is an elevated recession risk looming in global markets. However, we believe the impact of a possible recession on the industry in 2023 would be relatively muted due to disruptions in global oil supply, rather low spare global production capacity, and increased demand from the gradual reopening of China and rising global travel. We believe oil supply growth remains challenged as the release of U.S. strategic petroleum reserves subsides, the impact of the Russian oil products export embargo hits in the first quarter of 2023, and reduced investment across the Russian industry gradually impacts production.

In addition to the overall strong demand for frac supply, E&P operators are also focused on obtaining top tier equipment and service providers. Demand for natural gas powered fleets, in an effort to reduce fuel costs and emissions is strong and the

transition to natural gas-powered fleets is happening at a measured pace, which so far is roughly aligned with the attrition of the industry's older generation diesel frac capacity.

During the year 2022, the posted WTI price traded at an average of \$94.90 per barrel ("Bbl"), as compared to the 2021 average of \$68.13 per Bbl, and the 2020 average of \$39.16 per Bbl. In addition, the average domestic onshore rig count for the United States and Canada was 947 rigs reported in the fourth quarter of 2022, up from the average in the fourth quarter of 2021 of 704, according to a report from Baker Hughes.

Acquisitions

On December 31, 2020, the Company acquired certain assets and liabilities of Schlumberger's OneStim business, which provides hydraulic fracturing pressure pumping services in onshore United States and Canada, including its pressure pumping, pumpdown perforating and Permian frac sand business, in exchange for consideration resulting in a total of 66,326,134 shares of the Class A Common Stock being issued in connection with the OneStim Acquisition. The combined company delivers best-in-class completion services for the sustainable development of unconventional resource plays in the United States and Canada onshore markets.

On October 26, 2021, the Company acquired PropX in exchange for \$11.9 million in cash, 3,405,526 shares of Class A Common Stock and 2,441,010 shares of Class B Common Stock, and 2,441,010 Liberty LLC Units, for total consideration of \$103.0 million, based on the Class A Common Stock closing price of \$15.58 on October 26, 2021, subject to customary post-closing adjustments. The Liberty LLC Units were redeemable for an equivalent number of shares of Class A Common Stock at any time, at the election of the shareholder. Founded in 2016, PropX is a leading provider of last-mile proppant delivery solutions including proppant handling equipment and logistics software across North America. PropX offers innovative environmentally friendly technology with optimized dry and wet sand containers and wellsite proppant handling equipment that drive logistics efficiency and reduce noise and emissions. We believe that PropX wet sand handling technology is a key enabler of the next step of cost and emissions reductions in the proppant industry. PropX also offers customers the latest real-time logistics software, PropConnect, for sale or as hosted software as a service.

Increase in Drilling Efficiency and Service Intensity of Completions

Over the past decade, E&P companies have focused on exploiting the vast resource potential available across many of North America's unconventional resource plays through the application of horizontal drilling and completion technologies, including the use of multi-stage hydraulic fracturing, in order to increase recovery of oil and natural gas. As E&P companies have improved drilling and completion techniques to maximize return and efficiency, we believe that their "break-even oil prices" continue to decline. These improvements in well economics have kept U.S. Shale oil and gas production competitive even as oil and gas prices have declined. Liberty has been a significant partner with our customers in driving these continued improvements.

Improved drilling economics from horizontal drilling and greater rig efficiencies. Unconventional resources are increasingly being targeted through the use of horizontal drilling. According to Baker Hughes, as reported on January 27, 2023, horizontal rigs accounted for approximately 91% of all rigs drilling in the United States and Canada, up from 77% as of December 26, 2014. Over the past several years, North American E&P companies have benefited from improved drilling economics driven by technologies that reduce the number of days, and the cost, of drilling wells. North American drilling rigs have incorporated newer technologies, which allow them to drill rock more effectively and quickly, meaning each rig can drill more wells in a given period. These include improved drilling technologies and the incorporation of geosteering techniques which allow better placement of the wellbore. Drilling rigs have also incorporated new technology which allows fully assembled rigs to automatically "walk" from one location to the next without disassembling and reassembling the rig, greatly reducing the time it takes to move from one drilling location to the next. Today the majority of E&P drilling is on multi-well pad development, allowing efficient drilling of multiple horizontal wellbores from the same pad or location. The aggregate effect of these improved techniques and technologies have reduced the average days required to drill a well, which according to Lium Research, has dropped from 28 days in 2014 to 18 days in 2022.

Increased complexity and service intensity of horizontal well completions. In addition to improved rig efficiencies discussed above, E&P companies are also improving the subsurface techniques and technologies used to exploit unconventional resources. These improvements have targeted increasing the exposure of each wellbore to the reservoir by drilling longer horizontal lateral sections of the wellbore. To complete the well, hydraulic fracturing is applied in stages along the wellbore to break-up the resource so that oil and gas can be produced. As wellbores have increased in length, the number of frac stages and/or the number of perforation clusters (frac initiation points) has also increased. Further, E&P companies have improved production from each stage by applying increasing amounts of proppant in each stage, which better connects the well to the resource. The aggregate effect of increased number of stages and the increasing amount of proppant in each stage has greatly increased the total amount of proppant used in each well, according to Liberty's FracTrends database, from six million pounds per well in 2014 to over 20 million pounds per well in 2022. Further efficiency gains are being sought via the "simul-frac"

technique. Utilizing a larger frac fleet (1.25x to 2x the normal horsepower), operators are fracturing stages in two separate wells on a pad simultaneously as a single operation. When compared to typical zipper-frac operations, this new method allows for more lateral feet to be completed in a day. This emerging trend will allow operators to complete a pad of wells quicker, thereby shortening the time from spud to first production.

These industry trends continue to keep our customers as important suppliers to the global oil and natural gas markets, which directly benefit hydraulic fracturing companies like us that have the expertise and innovative technology to effectively service today's more efficient oilfield drilling activity and the increasing complexity and intensity of well completions. Given the expected returns that E&P companies have reported for new well development activities due to improved rig efficiencies and increasing well completion complexity and intensity, we expect these industry trends to continue.

How We Generate Revenue

We currently generate revenue through the provision of hydraulic fracturing and wireline services and goods, including sand from our Permian Basin sand mines. These services and goods are provided under a variety of contract structures, primarily master service agreements ("MSAs") as supplemented by statements of work, pricing agreements and specific quotes. A portion of our statements of work, under MSAs, include provisions that establish pricing arrangements for a period of up to approximately one year in length. However, the majority of those agreements provide for pricing adjustments based on market conditions. The majority of our services are priced based on prevailing market conditions and changing input costs at the time the services are provided, giving consideration to the specific requirements of the customer.

Our hydraulic fracturing and wireline services are performed in sections, which we refer to as fracturing stages. The estimated number of fracturing stages to be completed for a particular horizontal well is determined by the customer's well completion design. We recognize revenue for each fracturing stage completed, although our revenue per completed fracturing stage varies depending on the actual volumes and types of proppants, chemicals, and fluid utilized for each fracturing stage. The number of fracturing stages that we are able to complete in a period is directly related to the number and utilization of our deployed fleets and size of stages.

Costs of Conducting Our Business

The principal expenses involved in conducting our business are direct cost of personnel, services, and materials used in the provision of services, general and administrative expenses, and depreciation, depletion, and amortization. A large portion of the costs we incur in our business are variable based on the number of hydraulic fracturing jobs and the requirements of services provided to our customers. We manage the level of our fixed costs, except depreciation, depletion, and amortization, based on several factors, including industry conditions and expected demand for our services.

How We Evaluate Our Operations

We use a variety of qualitative, operational and financial metrics to assess our performance. First and foremost, of these is a qualitative assessment of customer satisfaction because ensuring we are a valuable partner to our customers is the key to achieving our quantitative business metrics. Among other measures, management considers each of the following:

- Revenue;
- Operating Income;
- EBITDA;
- Adjusted EBITDA;
- Net Income Before Taxes; and
- Earnings per Share.

Revenue

We analyze our revenue by comparing actual monthly revenue to our internal projections for a given period and to prior periods to assess our performance.

Operating Income

We analyze our operating income, which we define as revenues less direct operating expenses, depreciation and amortization and general and administrative expenses, to measure our financial performance. We believe operating income is a meaningful metric because it provides insight on profitability and true operating performance based on the historical cost basis of our assets. We also compare operating income to our internal projections for a given period and to prior periods.

EBITDA and Adjusted EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income (loss) before interest, income taxes, 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 or gain 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. See “Comparison of Non-GAAP Financial Measures” for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

Year Ended December 31, 2022, Compared to Year Ended December 31, 2021

Description	Years Ended December 31,		
	2022	2021	Change
	(in thousands)		
Revenue	\$ 4,149,228	\$ 2,470,782	\$ 1,678,446
Cost of services, excluding depreciation, depletion, and amortization shown separately	3,149,036	2,249,926	899,110
General and administrative	180,040	123,406	56,634
Transaction, severance and other costs	5,837	15,138	(9,301)
Depreciation, depletion, and amortization	323,028	262,757	60,271
(Gain) loss on disposal of assets	(4,603)	779	(5,382)
Operating income (loss)	495,890	(181,224)	677,114
Other expense (income), net	96,381	(3,436)	99,817
Net income (loss) before income taxes	399,509	(177,788)	577,297
Income tax (benefit) expense	(793)	9,216	(10,009)
Net income (loss)	400,302	(187,004)	587,306
Less: Net income (loss) attributable to non-controlling interests	700	(7,760)	8,460
Net income (loss) attributable to Liberty Energy Inc. stockholders	\$ 399,602	\$ (179,244)	\$ 578,846

Revenue

Our revenue increased \$1.7 billion, or 68%, to \$4.1 billion for the year ended December 31, 2022 compared to \$2.5 billion for the year ended December 31, 2021. The increase in revenue is attributable to higher service pricing, the reactivation of several fleets during the year, and an activity-driven increase in fleet utilization and efficiency commensurate with increased demand for hydraulic fracturing services.

Cost of Services

Cost of services (excluding depreciation, depletion, and amortization) increased \$0.9 billion, or 40%, to \$3.1 billion for the year ended December 31, 2022 compared to \$2.2 billion for the year ended December 31, 2021. 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 utilization as well as ongoing inflationary increases impacting costs for materials, labor, and maintenance parts.

General and Administrative

General and administrative expenses increased \$56.6 million, or 46%, to \$180.0 million for the year ended December 31, 2022 compared to \$123.4 million for the year ended December 31, 2021 primarily related to an increase in performance-based variable compensation, labor cost inflation, and corporate costs related to increased levels of activity.

Transaction, Severance and Other Costs

Transaction, severance and other costs of \$5.8 million and \$15.1 million for the years ended December 31, 2022 and 2021, respectively, consist of integration cost, investment banking, legal, accounting, and other professional services provided in connection with the OneStim Acquisition and PropX Acquisition. Such costs were lower during the year ended December 31, 2022 as the integration efforts were completed during the year.

Depreciation, Depletion, and Amortization

Depreciation, depletion, and amortization expense increased \$60.3 million, or 23%, to \$323.0 million for the year ended December 31, 2022 compared to \$262.8 million for the year ended December 31, 2021. The increase in 2022 was due to additional equipment placed in service since the prior year period and additional depreciation from property acquired in the PropX Acquisition.

(Gain) Loss on Disposal of Assets

The Company recorded a gain on disposal of assets of \$4.6 million for the year ended December 31, 2022 due to miscellaneous equipment disposals and sales of facilities in the normal course of business, compared to a loss of \$0.8 million for the year ended December 31, 2021. The gain as of December 31, 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 a loss on sale of two non-strategic facilities acquired in the OneStim Acquisition and a loss on plan of sale for two other non-strategic facilities. The loss as of December 31, 2021 related to the sale of three non-strategic facilities acquired in the OneStim Acquisition, which collectively resulted in a small loss on sale, along with regular sales of equipment that was no longer being used.

Operating Income (Loss)

The Company recorded operating income of \$495.9 million for the year ended December 31, 2022 compared to operating loss of \$181.2 million for the year ended December 31, 2021. The operating income is primarily due to the \$1.7 billion, or 68%, increase in total revenue partially offset by a \$1.0 billion increase in total operating expenses, the significant components of which are discussed above.

Other Expense (Income), net

The Company recorded other expense, net of \$96.4 million for the year ended December 31, 2022 compared to other income, net of \$3.4 million during the year ended December 31, 2021. Other expense (income), net is comprised of loss on remeasurement of liability under the TRAs, gain on investments, and interest expense, net. As a result of the valuation allowance on the U.S. net deferred tax assets, discussed below, the Company remeasured the liability under the TRAs resulting in a loss of \$76.2 million during the year ended December 31, 2022, compared to a gain of \$19.0 million for the year ended December 31, 2021. A \$2.5 million gain on investments was recorded during the year ended December 31, 2022, compared to no gain for the year ended December 31, 2021. Additionally, interest expense, net increased between periods, increasing \$7.1 million as a result of increased borrowings and higher interest rates under the credit facility during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Net Income (Loss) Before Income Taxes

The Company realized net income before income taxes of \$399.5 million for the year ended December 31, 2022 compared to a net loss before income taxes of \$177.8 million for the year ended December 31, 2021. The increase in results is primarily attributable to an increase in revenue, as discussed above, related to the fleet deployments and an increase in activity and service pricing.

Income Tax (Benefit) Expense

The Company recognized an income tax benefit of \$0.8 million for the year ended December 31, 2022, at an effective rate of (0.2)%, compared to income tax expense of \$9.2 million, at an effective rate of (5.2)%, recognized for the year ended December 31, 2021. The decrease in income tax expense is primarily attributable to the Company releasing the valuation allowance on its U.S. net deferred tax assets in the current year, compared to the prior year recording of a valuation allowance on its U.S. net deferred tax assets.

Comparison of Non-GAAP Financial Measures

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income (loss) 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 or gain 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.

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 (loss) is the GAAP 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.

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

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021: EBITDA and Adjusted EBITDA

Description	Years Ended December 31,		
	2022	2021	Change
	(in thousands)		
Net income (loss)	\$ 400,302	\$ (187,004)	\$ 587,306
Depreciation, depletion, and amortization	323,028	262,757	60,271
Interest expense, net	22,715	15,603	7,112
Income tax (benefit) expense	(793)	9,216	(10,009)
EBITDA	\$ 745,252	\$ 100,572	\$ 644,680
Stock-based compensation expense	23,108	19,946	3,162
Fleet start-up and lay-down costs	17,007	2,751	14,256
Transaction, severance and other costs	5,837	15,138	(9,301)
(Gain) loss on disposal of assets	(4,603)	779	(5,382)
Provision for credit losses	—	745	(745)
Loss (gain) on remeasurement of liability under tax receivable agreements	76,191	(19,039)	95,230
Gain on investments	\$ (2,525)	\$ —	\$ (2,525)
Adjusted EBITDA	\$ 860,267	\$ 120,892	\$ 739,375

EBITDA was \$745.3 million for the year ended December 31, 2022 compared to \$100.6 million for the year ended December 31, 2021. Adjusted EBITDA was \$860.3 million for the year ended December 31, 2022 compared to \$120.9 million for the year ended December 31, 2021. 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 Expenses for the Year Ended December 31, 2022, Compared to Year Ended December 31, 2021*.

Liquidity and Capital Resources

Overview

Historically, our primary sources of liquidity to date have been cash flows from operations, proceeds from our IPO, and borrowings under our ABL Facility and Term Loan Facility (collectively, the “Credit Facilities”). We expect to fund operations and organic growth with cash flows from operations and available borrowings under our ABL Facility. We monitor the availability of capital resources such as equity and debt financings that could be leverage 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, such as with the OneStim Acquisition and the PropX Acquisition. Our primary uses of capital have been capital expenditures to support organic growth and funding ongoing operations, including maintenance and fleet upgrades.

Cash and cash equivalents increased by \$23.7 million to \$43.7 million as of December 31, 2022 compared to \$20.0 million as of December 31, 2021, while working capital excluding cash and current liabilities under debt and lease arrangements increased \$221.3 million.

As of December 31, 2022, we had \$425.0 million committed under the ABL Facility subject to certain borrowing base limitations based on a percentage of eligible accounts receivable and inventory available to finance working capital needs. As of December 31, 2022, the borrowing base was calculated to be \$425.0 million, and the Company had \$115.0 million outstanding, in addition to a letter of credit in the amount of \$2.6 million, with \$307.4 million of remaining availability.

Additionally, as of December 31, 2022, we have \$104.7 million borrowings remaining on the Term Loan Facility, which was originally \$175.0 million.

The ABL Facility has a maturity date of the earlier of (a) October 22, 2026 and (b) to the extent the debt under the Term Loan Facility remains outstanding 90 days prior to the final maturity of the Term Loan Facility, which matures on September 19, 2024.

On July 18, 2022, the Company entered into an amendment to the ABL Facility (the “Seventh ABL Amendment”). The Seventh ABL Amendment amended certain terms, provisions, and covenants of the ABL Facility, including among other things: (i) increasing the maximum borrowing amount by \$75.0 million to \$425.0 million, subject to certain borrowing base limitations based on percentage of eligible accounts receivable and inventory, (ii) modifying certain covenant and reporting-related baskets, and (iii) replacing LIBOR with the secured overnight financing rate (“SOFR”) as the interest rate benchmark.

On August 12, 2022, the Company entered into an amendment to the Term Loan Facility (the “Sixth Term Loan Amendment”). The Sixth Term Loan Amendment amended certain terms, provisions and covenants of the Term Loan Facility, including among other things: (i) a waiver of the fixed charge coverage ratio requirements for up to \$100.0 million of restricted payments made in connection with the Company’s 2022 stock repurchase program for its common stock; (ii) the addition of a minimum liquidity requirement of \$150.0 million in order to make selected restricted payments, including those made under the 2022 stock repurchase program; (iii) the modification of certain covenant and reporting-related terms, including an increase in the allowance for permitted purchase money indebtedness from \$50.0 million to \$70.0 million; (iv) the addition of a prepayment premium of 1.0% through the first anniversary of the Sixth Term Loan Amendment effective date; and (v) the addition and modification of several provisions to replace LIBOR with SOFR as the interest rate benchmark.

On November 4, 2022, the Company entered into an amendment to the Term Loan Facility (the “Seventh Term Loan Amendment”). The Seventh Term Loan Amendment amended the restricted payments negative covenant of the Term Loan Facility so that the fixed charge coverage ratio requirements for dividend payments are waived, so long as the total of dividends paid and payments made in connection with the Company’s 2022 stock repurchase program does not exceed \$100.0 million. During the fourth quarter of 2022 the restricted payments negative covenant pertaining to the fixed charge coverage ratio requirements were satisfied and the \$100.0 million limit no longer applied.

Subsequent to the fiscal year end, 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 the 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, with such release to occur within 120 days after January 23, 2023.

Additionally, on January 23, 2023 the Company withdrew \$106.7 million on the ABL Facility and used the proceeds to pay off the Term Loan Facility. The balance of the Term Loan Facility upon pay off was \$104.7 million and included \$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. As such, the only outstanding debt facility after January 23, 2023 is the ABL Facility. Refer to “Our current and future indebtedness could adversely affect our financial condition” included in “Item 1A. Risk Factors” above for further details on the outstanding balance of the ABL Facility as of the filing date.

The Credit Facilities contain covenants that restrict our ability to take certain actions. At December 31, 2022, we were in compliance with all debt covenants.

See Note 8—Debt to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for further details.

We have no material off balance sheet arrangements as of December 31, 2022, except for purchase commitments under supply agreements as disclosed below under Note 15—Commitments & Contingencies in “Item 8. Financial Statements and Supplementary Data.” 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.

Share Repurchase Program

Under our share repurchase program, the Company is authorized to repurchase up to \$250.0 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. 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 repurchases by using cash on hand, borrowings under its revolving credit facility and expected free cash flow to be generated over the next two years.

Cash Flows

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

Description	Years Ended December 31,		
	2022	2021	Change
	(in thousands)		
Net cash provided by operating activities	\$ 530,364	\$ 135,467	\$ 394,897
Net cash used in investing activities	(450,656)	(186,494)	(264,162)
Net cash (used in) provided by financing activities	(55,770)	2,056	(57,826)

Analysis of Cash Flow Changes Between the Years Ended December 31, 2022 and December 31, 2021

Operating Activities. Net cash provided by operating activities was \$530.4 million for the year ended December 31, 2022, compared to \$135.5 million for the year ended December 31, 2021. The \$394.9 million increase in cash from operating activities is primarily attributable to a \$1.7 billion increase in revenues, offset by a \$0.9 billion increase in cash operating expenses and a \$277.9 million decrease in cash from changes in working capital for the year ended December 31, 2022, compared to a \$46.9 million increase in cash from changes in working capital for the year ended December 31, 2021.

Investing Activities. Net cash used in investing activities was \$450.7 million for the year ended December 31, 2022, compared to \$186.5 million for the year ended December 31, 2021. Cash used in investing activities was higher during the year ended December 31, 2022, compared to the year ended December 31, 2021 as the Company continued to invest in equipment, including building new digiFrac™ fleets and deploying additional fleets, to support increased customer demand in next generation equipment and technology.

Financing Activities. Net cash used in financing activities was \$55.8 million for the year ended December 31, 2022, compared to net cash provided by financing activities of \$2.1 million for the year ended December 31, 2021. The \$57.8 million change in cash used in financing activities was primarily due to \$125.3 million of cash payments made in connection with share repurchases for the year ended December 31, 2022, compared to none in the year ended December 31, 2021 as the Company reinstated the share buyback program. Additionally, the Company reinstated quarterly dividends during the fourth quarter of 2022 resulting in a \$9.0 million increase in dividends and per unit distributions to non-controlling interest unitholders. The increases in cash outflows as a result of reinstated shareholder return programs were offset by net borrowings of \$97.0 million

on the ABL Facility during the year ended December 31, 2022, compared to \$18.0 million net borrowings on the ABL Facility for the year ended December 31, 2021. Other changes in financing activity included a \$6.1 million increase in payments made for tax withholding on restricted stock unit vesting as a larger number of units vested at a higher stock price in 2022 compared to 2021, and a slight decrease in other distributions and advance payments received from non-controlling interest holders.

Cash Requirements

Our material cash commitments consist primarily of obligations under long-term debt, TRAs, finance and operating leases for property and equipment, cash used to pay for repurchases of shares of our Class A Common Stock, and purchase obligations as part of normal operations. Certain amounts included in our contractual obligations as of December 31, 2022 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 December 31, 2022, except for purchase commitments under supply agreements disclosed below.

See Note 8—Debt to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for information regarding scheduled maturities of our long-term debt. See Note 6—Leases to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for information regarding scheduled maturities of finance and operating leases.

As of December 31, 2022, we had expected cash payments for estimated interest on our finance lease obligations of \$2.3 million payable within the next twelve months and \$3.4 million payable thereafter.

Effective January 23, 2023 the Company withdrew \$106.7 million on the ABL Facility and used the proceeds to pay off the Term Loan Facility. The balance of the Term Loan Facility upon pay off was \$104.7 million and included \$0.9 million of accrued interest and a \$1.1 million prepayment premium. As such, the only outstanding debt facility after January 23, 2023 is the ABL Facility.

As of December 31, 2022, we had purchase obligations of \$158.7 million payable within the next twelve months and \$44.8 million payable thereafter. See Note 15—Commitments & Contingencies to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for information regarding scheduled contractual obligations.

As of December 31, 2022, we do not expect to make any payments under the TRAs within the next twelve months, future amounts payable under the TRAs are dependent upon future events. See Note 12—Income Taxes to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for information regarding the TRAs.

Other Factors Affecting Liquidity

Customer receivables: In line with industry practice, we typically bill our customers for services provided in arrears dependent upon contractual terms. In weak economic environments, we may experience delays in collection from our customers. In the past, including as a result of the COVID-19 pandemic on the industry, we have experienced delays in customer payments and agreed to extended payment terms, however, we have not experienced any material non-payment events.

Tax Receivable Agreements

In connection with the IPO, on January 17, 2018, the Company entered into two TRAs with 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 recognizes (or is deemed to recognize in certain circumstances) in periods after the IPO as a result, as applicable to each of the TRA Holders, 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 Holders’ Liberty LLC Units in connection with the IPO or pursuant to the exercise of the right of each Liberty Unit Holder (the “Redemption Right”), subject to certain limitations, to cause Liberty LLC to acquire all or a portion of its Liberty LLC Units for, at Liberty LLC’s election, (A) shares of our Class A Common Stock at the specific redemption ratio or (B) an equivalent amount of cash, or, upon the exercise of the Redemption Right, the right of the Company (instead of Liberty LLC) to, for administrative convenience, acquire each tendered Liberty LLC Unit directly from the redeeming Liberty Unit Holder (the “Call Right”) for, at its election, (1) one share of Class A Common Stock or (2) an equivalent amount of cash, (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.

With respect to obligations the Company expects to incur under the TRAs (except in cases where the Company elects to terminate the TRAs early, the TRAs are terminated early due to certain mergers, asset sales, or other changes of control or the Company has available cash but fails to make payments when due), generally the Company may elect to defer payments due under the TRAs if the Company does not have available cash to satisfy its payment obligations under the TRAs or if its contractual obligations limit its ability to make such payments. Any such deferred payments under the TRAs generally will accrue interest. In certain cases, payments under the TRAs may be accelerated and/or significantly exceed the actual benefits, if any, the Company realizes in respect of the tax attributes subject to the TRAs. The Company accounts for amounts payable under the TRAs in accordance with Accounting Standard Codification (“ASC”) Topic 450, *Contingencies* (“ASC Topic 450”).

If the Company experiences a change of control (as defined under the TRAs) or the TRAs otherwise terminate early, the Company’s obligations under the TRAs could have a substantial negative impact on its liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. There can be no assurance that we will be able to finance our obligations under the TRAs.

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. The Company is also subject to Canada federal and provincial income tax on its foreign operations.

The combined effective tax rate applicable to the Company for the year ended December 31, 2022 and 2021 was (0.2)% and (5.2)%, respectively. The Company’s effective tax rate is significantly less than the federal statutory income tax rate of 21.0% due to the Company releasing the valuation allowance on its U.S. net deferred tax assets as of December 31, 2022, primarily due to entering into a three-year cumulative pre-tax book income position and improved operating results. For 2021, the Company’s effective tax rate is less than the statutory rate due to the Company recording a valuation allowance on its U.S. net deferred tax assets as well as tax on foreign operations, and the non-controlling interest’s share of Liberty LLC’s pass-through results for federal, state and local income tax reporting, upon which no taxes are payable by the Company.

The Company recognized an income tax benefit of \$(0.8) million and income tax expense of \$9.2 million for the years ended December 31, 2022 and 2021, respectively. The Company’s effective tax rate can be volatile and may change with, among other things, the amount of jurisdiction pre-tax income or loss, ability to utilize foreign tax credits, excess tax benefits or deficiencies from share-based compensation and changes in tax laws in the jurisdictions that we operate.

Per the Coronavirus Aid, Relief and Economic Security (“CARES”) Act enacted on March 27, 2020, net operating losses (“NOL”) incurred in 2019, and 2020 may be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company has previously applied for and expects to receive a NOL carryback refund to recover \$5.5 million of cash taxes paid by the Company in 2018. This amount has been reflected as a receivable in the prepaids and other current assets line item in the accompanying audited consolidated balance sheets.

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 December 31, 2021, the Company’s net deferred tax assets were primarily comprised of U.S. NOL, investment in Liberty LLC, and TRA tax attributes of \$91.3 million. For the year ended December 31, 2022, the Company recorded a tax benefit of \$91.3 million related to the release of the valuation allowance on U.S. net deferred tax assets that are more like than not to be recognized. In addition, the release of the valuation allowance resulted in an increase in the tax receivable agreement liability and a loss on remeasurement of liability under tax receivable agreements of \$76.2 million for the year ended December 31, 2022.

Refer to Note 12— Income Taxes to the consolidated financial statements for additional information related to income tax expense.

Critical Accounting Policies and Estimates

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimates and how they can impact our financial statements. 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. We believe the following are the critical accounting policies used in the preparation of our consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in “Item 8. Financial Statements and Supplementary Data.”

Revenue Recognition: Revenue from hydraulic fracturing services is recognized as specific services are provided in accordance with contractual arrangements. If our assessment of performance under a particular contract change, our revenue and / or costs under that contract may change. In connection with *ASC Topic 842 - Leases* (“Topic 842”), the Company determined that certain of its service revenue contracts contain a lease component. The Company elected to adopt a practical expedient available to lessors, which allows the Company to combine the lease and service component for certain of the Company’s service contracts when the service component is the predominant component and continues to account for the combined component under *ASC Topic 606 - Revenue from Contracts with Customers*.

Inventory: Inventory consists of raw materials used in the hydraulic fracturing process, such as proppants, chemicals and field service equipment maintenance parts, and is stated at the lower of cost or net realizable value, determined using the weighted average cost method. Net realizable value is determined based on our estimates of selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation, each of which require us to apply judgment.

Property and Equipment: We calculate depreciation and amortization on our assets based on the estimated useful lives and estimated salvage values that we believe are reasonable. The estimated useful lives and salvage values are subject to key assumptions such as maintenance, utilization and job variation. These estimates may change due to a number of factors such as changes in operating conditions or advances in technology.

We incur maintenance costs on our major equipment. The determination of whether an expenditure should be capitalized or expensed requires management judgment in the application of how the costs benefit future periods, relative to our capitalization policy. Costs that either establish or increase the efficiency, productivity, functionality or life of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

Impairment of long-lived and other intangible assets: Long-lived assets, such as property and equipment, right-of-use lease assets and intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability is assessed using undiscounted future net cash flows of assets grouped at the lowest level for which there are identifiable cash flows independent of the cash flows of other groups of assets. When alternative courses of action to recover the carrying amount of the asset group are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence, which require us to apply judgment. If the carrying amount of the asset is not recoverable based on its estimated undiscounted cash flows expected to result from the use and eventual disposition, an impairment loss is recognized in an amount by which its carrying amount exceeds its estimated fair value. The inputs used to determine such fair value are primarily based upon internally developed cash flow models. Our cash flow models are based on a number of estimates regarding future operations that may be subject to significant variability, are sensitive to changes in market conditions, and are reasonably likely to change in the future.

No impairment was recognized during the years ended December 31, 2022 and 2021.

Leases: In accordance with *ASC Topic 842, Leases*, the Company determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment. Operating or finance lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease terms may include options to renew; however, we typically cannot determine our intent to renew a lease with reasonable certainty at inception.

Tax Receivable Agreements: In connection with the IPO, on January 17, 2018, the Company entered into two TRAs with 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 that the Company actually realizes in periods after the IPO as a result of certain tax attributes applicable to each TRA Holder. The Company accounts for amounts payable under the TRAs in accordance with *ASC Topic 450, Contingencies*.

Share Repurchases: The Company accounts for the purchase price of repurchased Class A Common Stock 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. All Class A Common Stock shares repurchased are retired upon repurchase.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Industry Risk

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

The level of U.S. oil and natural gas drilling is volatile. Expected trends in oil and natural gas production activities may not materialize and demand for our services may not reflect the level of activity in the industry. Any prolonged and substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect demand for our services. A material decline in oil and natural gas prices or U.S. activity levels could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Interest Rate Risk

At December 31, 2022, we had \$219.7 million of debt outstanding, with a weighted average interest rate of 9.0%. Interest is calculated under the terms of our Credit Facilities based on our selection, from time to time, of one of the index rates available to us plus an applicable margin that varies based on certain factors. See “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt Agreements.” Assuming no change in the amount outstanding, the impact on interest expense of a 1% increase or decrease in the weighted average interest rate would be approximately \$2.2 million per year. We do not currently have or intend to enter into any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Commodity Price Risk

Our material and fuel purchases expose us to commodity price risk. Material costs primarily include inventory consumed while performing hydraulic fracturing services. Fuel costs consist of diesel fuel used by trucks and other motorized equipment used for hydraulic fracturing services. At times, we have been able to pass along price increases for material costs and fuel costs to customers and conversely have been required to pass along price decreases for material costs to our customers, depending on market conditions. Further, we have purchase commitments with certain vendors to supply proppant inventory used in our operations at a fixed purchase price, including certain commitments which include minimum purchase obligations. Refer to Note 15—Commitments and Contingencies included in “Item 8. Financial Statements and Supplementary Data” for further discussion regarding purchase commitments.

Foreign Translation 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 income (loss). During the years ended December 31, 2022 and 2021, the Company recorded foreign currency translation losses to comprehensive income (loss) of \$7.1 million and \$0.1 million, respectively.

Item 8. Financial Statements and Supplementary Data

Our financial statements and supplementary data are included in this Annual Report beginning on page F-1 and incorporated by reference herein.

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

None.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures'**

In accordance with the Securities Exchange Act of 1934 Rules 13a-15 and 15d-15, 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 December 31, 2022 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.

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

See page F-1 for Management's Report on Internal Control Over Financial Reporting and page F-4 for Report of Independent Registered Public Accounting Firm on its assessment of our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item concerning our executive officers, directors and corporate governance is incorporated herein by reference to our definitive proxy statement for our 2023 annual meeting of stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022, under the captions “Proposal 1 — Election of Directors,” “The Board and its Committees,” “Executive Officers” and “Delinquent Section 16(a) Reports.”

Item 11. Executive Compensation

The information required by this item concerning executive compensation is incorporated herein by reference to our definitive proxy statement for our 2023 annual meeting of stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022, under the captions “The Board and its Committees,” “Compensation Discussion & Analysis,” “Compensation Committee Report,” “Executive Compensation Tables,” “Director Compensation,” “Pay versus Performance” and “CEO Pay Ratio.”

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

The information required by this item concerning the security ownership of certain beneficial owners and management and related stockholder matters are incorporated herein by reference to our definitive proxy statement for our 2023 annual meeting of stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022, under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information.”

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item concerning certain relationships and related person transactions and director independence is incorporated herein by reference to our definitive proxy statement for our 2023 annual meeting of stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022, under the captions “Certain Relationships and Related Party Transactions” and “the Board and its Committees.”

Item 14. Principal Accountant Fees and Services

The information required by this item concerning principal accounting fees and services is incorporated herein by reference to our definitive proxy statement for our 2023 annual meeting of stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022, under the caption “Proposal 3 — Ratification of Appointment of the Company’s Independent Registered Public Accounting Firm.”

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Financial Statement Schedules

Refer to Index to Financial Statements on page 53.

All schedules are omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

(b) Exhibits

The documents listed in the Index to Exhibits are filed, furnished or incorporated by reference as part of this Annual Report, and such Index to Exhibits are incorporated herein by reference.

Item 16. Form 10-K Summary

None.

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Master Reorganization Agreement, dated as of January 11, 2018, by and among Liberty Oilfield Services Inc., Liberty Oilfield Services Holdings LLC, Liberty Oilfield Services New HoldCo LLC, and the other parties named therein (2)
2.2	Master Transaction Agreement, dated as of August 31, 2020, by and among Schlumberger Technology Corporation, Schlumberger Canada Limited, Liberty Oilfield Services Holdings LLC, Liberty Canada Operations Inc. and Liberty Oilfield Services Inc. (11)
3.1	Amended and Restated Certificate of Incorporation of Liberty Oilfield Services Inc. (2)
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (16)
3.3	Second Amended and Restated Bylaws of Liberty Energy Inc., as amended effective January 24, 2023 (21)
4.1	Amended and Restated Stockholders Agreement, dated as of December 31, 2020, by and among Liberty Oilfield Services Inc., Riverstone and the Schlumberger Parties (12)
4.2	Description of the Registrant's Securities Registered pursuant to Section 12 of the Securities Exchange Act of 1934. *
10.1	Second Amended and Restated Limited Liability Company Operating Agreement of Liberty Oilfield Services New HoldCo LLC (2)
10.2	Form of Joinder Agreement to Second Amended and Restated Limited Liability Company Operating Agreement of Liberty Oilfield Services New HoldCo LLC (15)
10.3	Registration Rights Agreement, dated October 26, 2021, by and among Liberty Oilfield Services Inc. and the other parties named therein (15)
10.4	Tax Receivable Agreement, dated January 17, 2018, by and among Liberty Oilfield Services Inc., R/C Energy IV Direct Partnership, L.P., and R/C Energy IV Direct Partnership, L.P., as agent (2)
10.5	Tax Receivable Agreement, dated January 17, 2018, by and among Liberty Oilfield Services Inc., and the other parties named therein (2)
10.6	Agent Designation Amendment to the Tax Receivable Agreement, dated as of February 22, 2022, by and among Liberty Oilfield Services Inc. and R/C Energy IV Direct Partnership, L.P. (19)
10.7	Amended and Restated Registration Rights Agreement, dated as of December 31, 2020, by and among Liberty Oilfield Services Inc., the Schlumberger Parties, and the Holders (12)
10.8	Liberty Oilfield Services Inc. Long Term Incentive Plan (2)†
10.9	Credit Agreement, dated September 19, 2017, by and among Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Bank, National Association, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Joint Lead Arrangers, Wells Fargo Bank, National Association, as Book Runner, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Syndication Agents, the lender parties thereto, Liberty Oilfield Services Holdings LLC, as Parent and Liberty Oilfield Services LLC and LOS Acquisition Co I LLC, each as a Borrower (1)
10.10	Amendment and Parent Joinder to Credit Agreement, dated January 17, 2018, by and among Liberty Oilfield Services Holdings LLC, Liberty Oilfield Services LLC, LOS Acquisition Co I LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto (4)
10.11	Second Amendment and Parent Joinder to Credit Agreement, dated March 21, 2018, by and among Liberty Oilfield Services LLC, LOS Acquisition Co I LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, R/C IV Non-U.S. LOS Corp, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto (4)
10.12	Third Amendment to Credit Agreement, dated May 29, 2020, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, R/C IV Non-U.S. LOS Corp, and Wells Fargo Bank, National Association as Administrative Agent, and the lenders signatory thereto (9)
10.13	Fourth Amendment to Credit Agreement, dated August 12, 2020, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, R/C IV Non-U.S. LOS Corp, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto (10)

- 10.14 [Consent and Fifth Amendment to Credit Agreement, dated December 29, 2020, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto](#) (13)
- 10.15 [Sixth Amendment to Credit Agreement and Second Amendment to Guaranty and Security Agreement, dated October 22, 2021, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, R/C IV Non-U.S. LOS Corp, LOS Solar Acquisition LLC, Freedom Proppant LLC, LOS Kermit LLC, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, Wells Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto](#) (15)
- 10.16 [Increase Joinder and Seventh Amendment to Credit Agreement, dated July 18, 2022, by and among Liberty Oilfield Services LLC, Liberty Energy Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, Freedom Proppant LLC, LOS Kermit LLC, LOS Leasing Company LLC, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, Proppant Express Solutions, LLC, ST9 Gas and Oil LLC, Well Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto](#) (18)
- 10.17 [Eighth Amendment to Credit Agreement, dated January 23, 2023, by and among Liberty Oilfield Services LLC, Liberty Energy Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, Freedom Proppant LLC, LOS Kermit LLC, LOS Leasing Company LLC, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, Proppant Express Solutions, LLC, ST9 Gas and Oil LLC, Well Fargo Bank, National Association, as Administrative Agent, and the lenders signatory thereto](#) (21)
- 10.18 [Joinder Agreement, dated December 31, 2021, by and among LOS Leasing Company LLC and Wells Fargo Bank, National Association, as Administrative Agent](#) (20)
- 10.19 [Credit Agreement, dated September 19, 2017, by and among Liberty Oilfield Services LLC and LOS Acquisition CO I LLC, each as Borrower, Liberty Oilfield Services Holdings LLC, as Parent Guarantor and U.S. Bank National Association as Agent](#) (1)
- 10.20 [Amendment and Joinder to Credit Agreement, dated January 17, 2018, by and among Liberty Oilfield Services Holdings LLC, Liberty Oilfield Services LLC, LOS Acquisition Co I LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New Holdco LLC, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (4)
- 10.21 [Second Amendment and Joinder to Credit Agreement, dated March 21, 2018, by and among Liberty Oilfield Services LLC, LOS Acquisition Co I LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (4)
- 10.22 [Third Amendment to Credit Agreement, dated August 12, 2020, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (10)
- 10.23 [Waiver, Consent and Fourth Amendment to Credit Agreement and First Amendment to Guaranty and Security Agreement, dated December 29, 2020, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (13)
- 10.24 [Fifth Amendment to Credit Agreement, Second Amendment to Guaranty and Security Agreement and Termination of Right of First Offer Letter, dated October 22, 2021, by and among Liberty Oilfield Services LLC, Liberty Oilfield Services Inc., Liberty Oilfield Services New HoldCo LLC, R/C IV Non-U.S. LOS Corp, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, LOS Solar Acquisition LLC, Freedom Proppant LLC, LOS Kermit LLC, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (15)
- 10.25 [Sixth Amendment to Credit Agreement, dated August 12, 2022, by and among Liberty Oilfield Services LLC, Liberty Energy Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, Freedom Proppant LLC, LOS Kermit LLC, LOS Leasing Company LLC, Proppant Express Solutions, LLC, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) (17)
- 10.26 [Seventh Amendment to Credit Agreement, dated November 4, 2022, by and among Liberty Oilfield Services LLC, Liberty Energy Inc., Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, LOS Cibolo RE Investments, LLC, LOS Odessa RE Investments, LLC, ST9 Gas and Oil LLC, Freedom Proppant LLC, LOS Kermit LLC, LOS Leasing Company LLC, Proppant Express Solutions, LLC, U.S. Bank National Association, as Administrative Agent, and the lenders signatory thereto](#) *

10.27	First Amendment to Amended and Restated Registration Rights Agreement, dated as of December 1, 2022, by and between Liberty Energy Inc. and Schlumberger Technology Corporation *
10.28	Liberty Oilfield Services 401(k) Savings Plan (13)†
10.29	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Long Term Incentive Plan (5)†
10.30	Form of Restricted Stock Unit Grant Notice under the Long Term Incentive Plan (13)†
10.31	Form of Performance Restricted Stock Unit Grant Notice and Performance Restricted Stock Unit Agreement under the Liberty Oilfield Services Inc. Long Term Incentive Plan (6)†
10.32	Form of Change in Control Agreement (7)†
10.33	Form of Indemnification Agreement between the Company and each of its Directors and Executive Officers (8)
21.1	List of subsidiaries of Liberty Energy Inc. *
23.1	Consent of Deloitte & Touche LLP *
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
95	Mine Safety Disclosure *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

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| (1) | Incorporated by reference to the exhibits to the registrant’s Registration Statement on Form S-1, as amended (SEC File 333-216050). |
| (2) | Incorporated by reference to the exhibits to the registrant’s Current Report on Form 8-K, filed on January 18, 2018. |
| (3) | Incorporated by reference to the exhibits to the registrant’s Amendment No. 1 to the Current Report on Form 8-K/A, filed on January 22, 2018. |
| (4) | Incorporated by reference to the exhibits to the registrant’s Annual Report on Form 10-K, filed on March 23, 2018. |
| (5) | Incorporated by reference to the exhibits to the registrant’s Quarterly Report on Form 10-Q, filed on May 10, 2018. |
| (6) | Incorporated by reference to the exhibits to the registrant’s Quarterly Report on Form 10-Q, filed on May 3, 2019. |
| (7) | Incorporated by reference to the exhibits to the registrant’s Current Report on Form 8-K, filed on August 30, 2019. |
| (8) | Incorporated by reference to the exhibits to the registrant’s Annual Report on Form 10-K, filed on February 27, 2020. |
| (9) | Incorporated by reference to the exhibits to the registrant’s Current Report on Form 8-K, filed on June 3, 2020. |

- (10) Incorporated by reference to the exhibits to the registrant's Quarterly Report on Form 10-Q, filed on October 30, 2020.
- (11) Incorporated by reference to the exhibits to the registrant's Current Report on Form 8-K, filed on September 1, 2020.
- (12) Incorporated by reference to the exhibits to the registrant's Current Report on Form 8-K, filed on January 4, 2021.
- (13) Incorporated by reference to the exhibits to the registrant's Annual Report on Form 10-K, filed on February 24, 2021.
- (14) Incorporated by reference to the exhibits to the registrant's Current Report on Form 8-K, filed on June 10, 2021.
Incorporated by reference to the exhibits to the registrant's Current Report on Form 8-K, filed on January 4, 2021.
- (15) Incorporated by reference to the exhibits to the registrant's Quarterly Report on Form 10-Q, filed on October 28, 2021.
- (16) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on April 21, 2022.
- (17) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on August 17, 2022.
- (18) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on July 22, 2022.
- (19) Incorporated by reference to the exhibits to the registrant's Quarterly Report on Form 10-Q, filed on April 25, 2022.
- (20) Incorporated by reference to the exhibits to the registrant's Annual Report on Form 10-K, filed on February 22, 2022.
- (21) Incorporated by reference to the registrant's Current Report on Form 8-K, filed on January 26, 2023.
- * Filed herewith.
- ** Furnished herewith.
- † Denotes a management contract or compensatory plan or arrangement.

SIGNATURES

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

LIBERTY ENERGY INC.

Date: February 10, 2023 By: /s/ Christopher A. Wright
Christopher A. Wright
Chief Executive Officer

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	Title	Date
<u>/s/ Christopher A. Wright</u> Christopher A. Wright	Chief Executive Officer and Director (Principal Executive Officer)	February 10, 2023
<u>/s/ Michael Stock</u> Michael Stock	Chief Financial Officer (Principal Financial Officer)	February 10, 2023
<u>/s/ Ryan T. Gosney</u> Ryan T. Gosney	Chief Accounting Officer (Principal Accounting Officer)	February 10, 2023
<u>/s/ Simon Ayat</u> Simon Ayat	Director	February 10, 2023
<u>/s/ Ken Babcock</u> Ken Babcock	Director	February 10, 2023
<u>/s/ Peter A. Dea</u> Peter A. Dea	Director	February 10, 2023
<u>/s/ William F. Kimble</u> William F. Kimble	Director	February 10, 2023
<u>/s/ James R. McDonald</u> James R. McDonald	Director	February 10, 2023
<u>/s/ Gale A. Norton</u> Gale A. Norton	Director	February 10, 2023
<u>/s/ Audrey Robertson</u> Audrey Robertson	Director	February 10, 2023
<u>/s/ Cary D. Steinbeck</u> Cary D. Steinbeck	Director	February 10, 2023

Index to Financial Statements

Liberty Energy Inc.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Liberty Energy Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Under the supervision of, and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the framework and criteria established in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that, as of December 31, 2022, our internal control over financial reporting was effective.

The effectiveness of Liberty Energy Inc.'s internal control over financial reporting as of December 31, 2022 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report that is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Liberty Energy Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Liberty Energy Inc. and subsidiaries (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 10, 2023 expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Income Taxes — Tax Receivable Agreements — Refer to Note 12 to the financial statements

Critical Audit Matter Description

The amounts payable, as well as the timing of such payments, under the tax receivable agreements (“TRAs”) are dependent upon significant future events and assumptions, including among others: (i) the amount of the redeeming unit holder’s tax basis in its Liberty Oilfield Services New HoldCo LLC class B units at the time of the relevant redemption, (ii) the characterization of the tax basis step-up, (iii) the depreciation and amortization periods that apply to the increase in tax basis (iv), the amount and timing of taxable income the Company generates in the future (v) the U.S. federal income tax rate then applicable, and (vi) the portion of the Company’s payments under the TRAs that constitute imputed interest or give rise to depreciable or amortizable tax basis.

During the year ended December 31, 2022, exchanges of Liberty Oilfield Services New HoldCo LLC class B units and shares of Class B Common Stock resulted in an increase of \$5.1 million in amounts payable pursuant to tax receivable agreements (“TRA payable”), and a net increase of \$6.0 million in deferred tax assets, all of which were recorded as equity

transactions, with no impact to the statement of operations. Upon the release of the valuation allowance, the Company recorded a loss on remeasurement of the TRA payable of \$76.2 million recorded as part of continuing operations in the current year. At December 31, 2022, the Company's TRA payable was \$118.9 million, all of which is presented as a component of long-term liabilities.

We identified the computation of adjustments to the TRA payable as a critical audit matter because of the multiple owners and complex calculations required to arrive at the correct tax basis upon which to calculate the corresponding TRA payable adjustment. This involved complexity in applying relevant tax law and an increased extent of effort, including the need to involve income tax specialists, when performing audit procedures to evaluate the reasonableness of management's calculation of tax basis, iterative impact of the computation of adjustments to the TRA payable, and TRA payable as of year-end.

How the Critical Audit Matter Was Addressed in the Audit:

Our audit procedures related to the computation of adjustments to the TRA payable included the following, among others:

- We tested the effectiveness of controls over the computation of adjustments to the TRA payable, including management's calculation of the step-up in tax basis that serves as the basis for the computation of adjustments to the TRA payable.
- With the assistance of our income tax specialists, we read the individual TRAs and compared the terms in the agreements for consistency with the mathematical model used by management to calculate the adjustments to the TRA payable.
- With the assistance of our income tax specialists, we evaluated management's computation of adjustments to the TRA payable, and the TRA payable as of year-end that is payable over the contractual period by comparing to our independently recalculated value, taking into account the various class B unit exchanges for Class B Common Stock occurring during the year as well as the adjustments in the TRA payable for each exchange.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado
February 10, 2023

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Liberty Energy Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Liberty Energy Inc. and subsidiaries (the “Company”) as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 10, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado
February 10, 2023

LIBERTY ENERGY INC.
Consolidated Balance Sheets
As of December 31, 2022 and 2021
(Dollars in thousands, except share data)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 43,676	\$ 19,998
Accounts receivable—trade, net of allowances for credit losses of \$884 and \$884, respectively	410,308	298,531
Unbilled revenue (including amounts from related parties of \$13,854 and \$0, respectively)	175,704	108,923
Inventories	214,454	134,593
Prepaid and other current assets	112,531	68,332
Total current assets	956,673	630,377
Property and equipment, net	1,362,364	1,199,287
Finance lease right-of-use assets	41,771	18,201
Operating lease right-of-use assets	97,232	109,899
Other assets (including amounts from related parties of \$11,799 and \$0, respectively)	105,300	82,289
Deferred tax asset	12,592	607
Total assets	\$ 2,575,932	\$ 2,040,660
Liabilities and Equity		
Current liabilities:		
Accounts payable (including payables to related parties of \$2,629 and \$2,732, respectively)	\$ 326,818	\$ 288,801
Accrued liabilities (including amounts due to related parties of \$730 and \$1,142, respectively)	279,113	235,115
Deferred revenue	3,859	4,552
Current portion of long-term debt, net of discount of \$730 and \$743, respectively	1,020	1,007
Current portion of finance lease liabilities	11,393	8,743
Current portion of operating lease liabilities	27,294	31,029
Total current liabilities	649,497	569,247
Long-term debt, net of discount of \$540 and \$1,270, respectively, less current portion	217,426	121,445
Deferred tax liability	1,044	563
Payable pursuant to tax receivable agreements	118,874	37,555
Noncurrent portion of finance lease liabilities	22,490	4,445
Noncurrent portion of operating lease liabilities	69,295	76,966
Total liabilities	1,078,626	810,221
Commitments & contingencies (Note 15)		
Stockholders' equity:		
Preferred Stock, \$0.01 par value, 10,000 shares authorized and none issued and outstanding	—	—
Common Stock:		
Class A, \$0.01 par value, 400,000,000 shares authorized and 178,753,125 issued and outstanding as of December 31, 2022 and 183,385,111 issued and outstanding as of December 31, 2021	1,788	1,834
Class B, \$0.01 par value, 400,000,000 shares authorized and 250,222 issued and outstanding as of December 31, 2022 and 2,632,347 issued and outstanding as of December 31, 2021	3	26
Additional paid in capital	1,266,097	1,367,642
Retained earnings (accumulated deficit)	234,525	(155,954)
Accumulated other comprehensive loss	(7,396)	(306)
Total stockholders' equity	1,495,017	1,213,242
Non-controlling interest	2,289	17,197
Total equity	1,497,306	1,230,439
Total liabilities and equity	\$ 2,575,932	\$ 2,040,660

See Notes to Consolidated Financial Statements.

LIBERTY ENERGY INC.
Consolidated Statements of Operations
For the Years Ended December 31, 2022, 2021, and 2020
(In thousands, except per share data)

	2022	2021	2020
Revenue:			
Revenue	\$ 4,000,780	\$ 2,447,140	\$ 965,787
Revenue—related parties	148,448	23,642	—
Total revenue	<u>4,149,228</u>	<u>2,470,782</u>	<u>965,787</u>
Operating costs and expenses:			
Cost of services (exclusive of depreciation, depletion, and amortization shown separately below)	3,149,036	2,249,926	857,981
General and administrative	180,040	123,406	84,098
Transaction, severance, and other costs	5,837	15,138	21,061
Depreciation, depletion, and amortization	323,028	262,757	180,084
(Gain) loss on disposal of assets	(4,603)	779	(411)
Total operating costs and expenses	<u>3,653,338</u>	<u>2,652,006</u>	<u>1,142,813</u>
Operating income (loss)	495,890	(181,224)	(177,026)
Other expense (income):			
Loss (gain) on remeasurement of liability under tax receivable agreements	76,191	(19,039)	—
Gain on investments	(2,525)	—	—
Interest income—related party	—	—	(263)
Interest expense, net	22,715	15,603	14,768
Total other expense (income), net	<u>96,381</u>	<u>(3,436)</u>	<u>14,505</u>
Net income (loss) before income taxes	399,509	(177,788)	(191,531)
Income tax (benefit) expense	(793)	9,216	(30,857)
Net income (loss)	400,302	(187,004)	(160,674)
Less: Net income (loss) attributable to non-controlling interests	700	(7,760)	(45,091)
Net income (loss) attributable to Liberty Energy Inc. stockholders	<u>\$ 399,602</u>	<u>\$ (179,244)</u>	<u>\$ (115,583)</u>
Net income (loss) attributable to Liberty Energy Inc. stockholders per common share:			
Basic	\$ 2.17	\$ (1.03)	\$ (1.36)
Diluted	\$ 2.11	\$ (1.03)	\$ (1.36)
Weighted average common shares outstanding:			
Basic	184,334	174,019	85,242
Diluted	189,349	174,019	85,242

See Notes to Consolidated Financial Statements.

LIBERTY ENERGY INC.
Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2022, 2021, and 2020
(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income (loss)	\$ 400,302	\$ (187,004)	\$ (160,674)
Other comprehensive loss			
Foreign currency translation	(7,097)	(102)	—
Comprehensive income (loss)	<u>\$ 393,205</u>	<u>\$ (187,106)</u>	<u>\$ (160,674)</u>
Comprehensive income (loss) attributable to non-controlling interest	693	(7,556)	(45,091)
Comprehensive income (loss) attributable to Liberty Energy Inc.	<u><u>\$ 392,512</u></u>	<u><u>\$ (179,550)</u></u>	<u><u>\$ (115,583)</u></u>

See Notes to Consolidated Financial Statements.

LIBERTY ENERGY INC.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(In thousands, except per share and per unit data)

	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	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' equity	Non-controlling Interest	Total Equity
Balance—December 31, 2021	183,385	2,632	\$ 1,834	\$ 26	\$ 1,367,642	\$ (155,954)	\$ (306)	\$ 1,213,242	\$ 17,197	\$ 1,230,439
Exchange of Class B Common Stock for Class A Common Stock	2,382	(2,382)	23	(23)	16,495	—	—	16,495	(16,495)	—
Offering Costs	—	—	—	—	(79)	—	—	(79)	—	(79)
Effect of exchange on deferred tax asset, net of liability under tax receivable agreements	—	—	—	—	3,757	—	—	3,757	—	3,757
Deferred tax impact of ownership changes from issuance of Class A Common Stock	—	—	—	—	(9,879)	—	—	(9,879)	—	(9,879)
\$0.05/share of Class A Common Stock dividend	—	—	—	—	—	(9,123)	—	(9,123)	—	(9,123)
\$0.05/unit distribution to non-controlling unitholders	—	—	—	—	—	—	—	—	(13)	(13)
Other distributions and advance payments to non-controlling interest unitholders	—	—	—	—	—	—	—	—	920	920
Share repurchases	(8,186)	—	(81)	—	(125,134)	—	—	(125,215)	(98)	(125,313)
Stock-based compensation expense	—	—	—	—	23,003	—	—	23,003	105	23,108
Vesting of restricted stock units	1,172	—	12	—	8	—	—	20	(20)	—
Tax withheld on vesting of restricted stock units	—	—	—	—	(9,716)	—	—	(9,716)	—	(9,716)
Currency translation adjustment	—	—	—	—	—	—	(7,090)	(7,090)	(7)	(7,097)
Net income	—	—	—	—	—	399,602	—	399,602	700	400,302
Balance—December 31, 2022	178,753	250	\$ 1,788	\$ 3	\$ 1,266,097	\$ 234,525	\$ (7,396)	\$ 1,495,017	\$ 2,289	\$ 1,497,306

	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 Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' equity	Non-controlling Interest	Total Equity
Balance - December 31, 2020	157,952	21,550	\$ 1,579	\$ 216	\$ 1,125,554	\$ 23,288	\$ —	\$ 1,150,637	\$ 159,406	\$ 1,310,043
Exchange of Class B Common Stock for Class A Common Stock	21,359	(21,359)	214	(214)	153,641	—	—	153,641	(153,641)	—
Offering Costs	—	—	—	—	(1,247)	—	—	(1,247)	(75)	(1,322)
Issuance of Class A and Class B Common Stock for the PropX Acquisition	3,406	2,441	34	24	88,979	—	—	89,037	2,052	91,089
Impact of ownership changes from issuance of Class A and Class B Common Stock	—	—	—	—	(15,325)	—	—	(15,325)	15,325	—
Other distributions and advance payments to non-controlling interest unitholders	—	—	—	—	—	—	—	—	1,372	1,372
Stock-based compensation expense	—	—	—	—	19,122	—	—	19,122	824	19,946
Vesting of restricted stock units	668	—	7	—	(3,082)	—	—	(3,075)	(510)	(3,585)
Restricted stock and RSU Forfeitures	—	—	—	—	—	2	—	2	—	2
Currency translation adjustment	—	—	—	—	—	—	(306)	(306)	204	(102)
Net loss	—	—	—	—	—	(179,244)	—	(179,244)	(7,760)	(187,004)
Balance - December 31, 2021	183,385	2,632	\$ 1,834	\$ 26	\$ 1,367,642	\$ (155,954)	\$ (306)	\$ 1,213,242	\$ 17,197	\$ 1,230,439

See Notes to Consolidated Financial Statements.

LIBERTY ENERGY INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022, 2021, and 2020
(Dollars in thousands)

	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	\$ 400,302	\$ (187,004)	\$ (160,674)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion, and amortization	323,028	262,757	180,084
(Gain) loss on disposal of assets	(4,603)	779	(411)
Inventory write-down	1,724	—	1,087
Non-cash lease expense	3,733	3,823	3,668
Stock-based compensation expense	23,108	19,946	17,139
Deferred income tax (benefit) expense	(12,472)	5,079	(25,546)
Loss (gain) on remeasurement of liability under tax receivable agreements	76,191	(19,039)	543
Other non-cash expense, net	4	2,037	2,232
Provision for credit losses	—	745	4,877
Changes in operating assets and liabilities:			
Accounts receivable and unbilled revenue	(166,605)	(90,142)	53,057
Accounts receivable and unbilled revenue—related party	(25,522)	—	9,629
Inventories	(84,989)	(24,612)	2,137
Other assets	(56,161)	(30,955)	13,780
Prepaid and other current assets—related party	—	24,708	—
Deferred revenue	(593)	3,452	—
Accounts payable and accrued liabilities	57,796	160,584	(15,282)
Accounts payable and accrued liabilities—related party	(1,864)	3,874	—
Initial payment of operating lease liability	(2,713)	(565)	(895)
Net cash provided by operating activities	530,364	135,467	85,425
Cash flows from investing activities:			
Purchases of property and equipment and construction in-progress	(451,905)	(198,794)	(103,637)
Investment in sand logistics	(7,415)	(13,106)	—
Investment in Fervo Energy Company and Natron Energy, Inc.	(15,000)	—	—
Proceeds from sales of assets	23,664	25,406	3,368
Net cash used in investing activities	(450,656)	(186,494)	(100,269)
Cash flows from financing activities:			
Proceeds from borrowings on line-of-credit	713,000	274,000	—
Repayments of borrowings on line-of-credit	(616,000)	(256,000)	—
Repayments of borrowings on term loan	(1,750)	(1,750)	(1,750)
Payments on finance lease obligations	(6,947)	(7,363)	(11,663)
Class A Common Stock dividends and dividend equivalents upon restricted stock vesting	(9,164)	(168)	(4,431)
Per unit distributions to non-controlling interest unitholders	(13)	—	(1,532)
Other distributions and advance payments to non-controlling interest unitholders	920	1,372	(6,800)
Share repurchases	(125,313)	—	—
Tax withholding on restricted stock units	(9,716)	(3,585)	(988)
Payment of equity issuance costs	(79)	(1,330)	(1,641)
Payments of debt issuance costs	(708)	(3,120)	(63)
Net cash (used in) provided by financing activities	(55,770)	2,056	(28,868)
Net increase (decrease) in cash and cash equivalents	23,938	(48,971)	(43,712)
Translation effect on cash	(260)	(9)	—
Cash and cash equivalents—beginning of period	19,998	68,978	112,690
Cash and cash equivalents—end of period	\$ 43,676	\$ 19,998	\$ 68,978

LIBERTY ENERGY INC.
Consolidated Statements of Cash Flows (cont.)
For the Years Ended December 31, 2022, 2021, and 2020
(Dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Supplemental disclosure of cash flow information:			
Net cash paid (received) for income taxes	\$ 10,744	\$ (9,481)	\$ (9,653)
Cash paid for interest	\$ 20,310	\$ 13,268	\$ 11,218
Non-cash investing and financing activities:			
Capital expenditures included in accounts payable and accrued liabilities	\$ 107,514	\$ 57,475	\$ 10,920
Capital expenditures reclassified from prepaid and other current assets	\$ 14,922	\$ —	\$ —
Equity issued in exchange for assets and liabilities	\$ —	\$ 91,089	\$ 683,822

See Notes to Consolidated Financial Statements.

LIBERTY ENERGY INC.
Notes to Consolidated Financial Statements

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. The Company has no material assets other than its ownership of units in Liberty LLC (“Liberty LLC Units”).

Effective January 31, 2023, Liberty LLC was merged into the Company, with the Company surviving 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”, and together with the Class A Common Stock, the “Common Stock”). The Company did not make any distributions or receive any proceeds in connection with this exchange. Refer to Note 16 — Subsequent Events for more information.

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, 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.

Basis of Presentation

The accompanying consolidated financial statements were prepared using generally accepted accounting principles in the United States of America (“GAAP”) and the instructions to Form 10-K, Regulation S-X and the rules and regulations of the Securities and Exchange Commission.

The accompanying consolidated financial statements and related notes present the consolidated financial position of the Company and equity of the Company as of and for the years ended December 31, 2022 and 2021, and the results of operations and cash flows of the Company for the years ended December 31, 2022, 2021, and 2020.

The consolidated financial statements include the amounts of the Company and all majority owned subsidiaries where the Company has the ability to exercise control. All intercompany amounts have been eliminated in the presentation of the 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

Business Combinations

Business combinations are accounted for using the acquisition method of accounting in accordance with the *Accounting Standard Codification (“ASC”) Topic 805 - Business Combinations*, as amended by Accounting Standards Update (“ASU”) 2017-01, *Business Combinations (Topic 805), Clarifying the Definition of a Business*. The purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Fair value of the acquired assets and liabilities is measured in accordance with the guidance of ASC 850, *Fair Value Measurements*, using discounted cash flows and other applicable valuation techniques. Any acquisition related costs incurred by the Company are expensed as incurred. Any excess purchase price over the fair value of the net identifiable assets acquired is recorded as goodwill if the definition of a business is

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met. Operating results of an acquired business are included in our results of operations from the date of acquisition. Refer to Note 3—Acquisitions.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The most significant estimates relate to the fair value of assets acquired and liabilities assumed, collectability of accounts receivable and estimates of allowance for doubtful accounts, the useful lives and salvage values of long-lived assets, future cash flows associated with long-lived assets, net realizable value of inventory, equity unit valuation, deferred taxes, and the tax receivable agreements value. These estimates may be adjusted as more current information becomes available.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it has banking relationships. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits.

Accounts Receivable

In accordance with Accounting Standards Updates ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), the Company applies historic loss factors to its receivable portfolio segments that were not expected to be further impacted by current economic developments, and additional economic conditions factor to portfolio segments anticipated to experience greater losses in the current economic environment. Additionally, the Company continuously evaluates customers based on risk characteristics, such as historical losses and current economic conditions. Due to the cyclical nature of the oil and gas industry, the Company often evaluates its customers' estimated losses on a case-by-case basis. The Company did not record an additional provision for credit losses during the year ended December 31, 2022. During the years ended December 31, 2021 and 2020, the Company recorded a provision for credit losses of \$0.7 million and \$4.9 million, respectively, related to two customers inability to pay and the deteriorating economic conditions for the oil and gas industry brought on by the COVID-19 pandemic. Provisions for credit losses are included in general and administrative expenses in the accompanying consolidated statement of operations, in accordance with the new standard. Refer to "Credit Risk" within Note 9—Fair Value Measurements and Financial Instruments for additional disclosures required under ASU 2016-13.

Inventories

Inventories consist of raw materials used in the hydraulic fracturing process, such as proppants, chemicals, and field service equipment maintenance parts and other and are stated at the lower of cost, determined using the weighted average cost method, or net realizable value. Inventories are charged to cost of services as used when providing hydraulic fracturing services. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization expense is recognized on property and equipment, excluding land, utilizing the straight-line method over the estimated useful lives, ranging from two to 30 years. The Company estimates salvage values that it does not depreciate.

Construction in-progress, a component of property and equipment, represents long-lived assets not yet in service or being developed by the Company. These assets are not subject to depreciation until they are completed and ready for their intended use, at which point the Company reclassifies them to field services equipment or vehicles, as appropriate.

The Company assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed using undiscounted future net cash flows of assets grouped at the lowest level for which there are identifiable cash flows independent of the cash flows of other groups of assets. The Company determined the lowest level of identifiable cash flows to be at the asset group, which is the aggregate of the Company's hydraulic fracturing fleets that are in service. A long-lived asset is not recoverable if its carrying amount exceeds the sum of estimated undiscounted cash flows expected to result from the use and eventual disposition. When

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alternative courses of action to recover the carrying amount of the asset group are under consideration, estimates of future undiscounted cash flows take into account possible outcomes and probabilities of their occurrence. If the carrying amount of the asset is not recoverable, an impairment loss is recognized in an amount by which its carrying amount exceeds its estimated fair value, such that its carrying amount is adjusted to its estimated fair value, with an offsetting charge to impairment expense.

The Company measures the fair value of its property and equipment using the discounted cash flow method. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of projected revenue growth, fleet count, utilization, gross margin rates, selling, general and administrative rates, working capital fluctuations, capital expenditures, discount rates and terminal growth rates.

As of December 31, 2022 and 2021, the Company concluded that no triggering events had occurred, and no impairment was recognized during the years ended December 31, 2022 and 2021.

During the year ended December 31, 2020, as a result of negative market indicators including the COVID-19 pandemic, the increased supply of low-priced oil, and customer cancellations, the Company concluded these triggering events could indicate possible impairment of property and equipment. The Company performed a quantitative and qualitative impairment analysis and determined that no impairment had occurred as of June 30, 2020. As of December 31, 2020, the Company concluded that no additional triggering events had occurred, and no impairment was recognized during the year ended December 31, 2020.

Major Maintenance Activities

The Company incurs maintenance costs on its major equipment. The determination of whether an expenditure should be capitalized or expensed requires management judgment in the application of how the costs incurred benefit future periods, relative to the Company's capitalization policy. Costs that either establish or increase the efficiency, productivity, functionality or life of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

Leases

In accordance with Accounting Standard Codification ("ASC") Topic 842, the Company determines if an arrangement is a lease at inception and evaluates identified leases for operating or finance lease treatment. Operating or finance lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses the rate implicit in the lease, when available, or an estimated fully collateralized incremental borrowing rate corresponding with the lease term and the information available at the commencement date in determining the present value of lease payments. Lease terms may include options to renew, however, the Company typically cannot determine its intent to renew a lease with reasonable certainty at inception.

Additionally, the Company is a lessor in several operating leases in which the lease equipment is carried at amortized cost. Depreciation expense is recorded on a straight-line basis over its useful life to the estimated residual value. The lessee may not purchase the leased equipment and must return such equipment by the lease's scheduled maturity date.

Deferred Financing Costs

Costs associated with obtaining debt financing are deferred and amortized to interest expense using the effective interest method. In accordance with ASU No. 2015-03 and 2015-15, for all periods the Company has reflected deferred financing costs related to term loan debt as a direct deduction from the carrying amount, and costs associated with line-of-credit arrangements as other assets.

Income Taxes

Deferred income taxes are computed using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Deferred tax assets and liabilities are calculated using the enacted tax rates in effect for the year in which the deferred tax asset or liability is expected to reverse. The Company classifies all deferred tax assets and liabilities as non-current. The Company records Global Intangible Low Tax Income as a current period expense.

The Company evaluates its deferred tax assets quarterly and considers both positive and negative evidence in applying the guidance of ASC 740 Income Taxes ("ASC 740") related to the realizability of its deferred tax assets. On December 31, 2022, in accordance with ASC 740, the objective positive evidence of entering into a three-year cumulative pre-tax book income position, along with considering all available positive and negative evidence resulted in the release of the previously recorded valuation allowance against the Company's U.S. net deferred tax assets.

The Company recognizes the financial statement effects of a tax position when it is more-likely-than-not, based on the technical merits, that the position will be sustained upon examination. A tax position that meets the more-likely-than-not

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recognition threshold is measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. Previously recognized tax positions are reversed in the first period in which it is no longer more-likely-than-not that the tax position would be sustained upon examination. Income tax related interest and penalties, if applicable, are recorded as a component of the provision for income tax expense.

Tax Receivable Agreements

In connection with the IPO, on January 17, 2018, the Company entered into two Tax Receivable Agreements (the “TRAs”) with the R/C Energy IV Direct Partnership, L.P. and certain legacy owners that continued to own Liberty LLC Units (each such person and any permitted transferee, a “Tax Receivable Agreement Holder” and together, the “Tax Receivable Agreement 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 Tax Receivable Agreement 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 Tax Receivable Agreement Holder’s Liberty LLC Units in connection with the IPO or pursuant to the exercise of the right (the “Redemption Right”) or the Company’s right (the “Call Right”), (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.

With respect to obligations the Company expects to incur under the TRAs (except in cases where the Company elects to terminate the TRAs early, the TRAs are terminated early due to certain mergers, asset sales, or other changes of control or the Company has available cash but fails to make payments when due), generally the Company may elect to defer payments due under the TRAs if the Company does not have available cash to satisfy its payment obligations under the TRAs or if its contractual obligations limit its ability to make such payments. Any such deferred payments under the TRAs generally will accrue interest. In certain cases, payments under the TRAs may be accelerated and/or significantly exceed the actual benefits, if any, the Company realizes in respect of the tax attributes subject to the TRAs. The Company accounts for amounts payable under the TRAs in accordance with ASC Topic 450, *Contingencies*.

If the Company experiences a change of control (as defined under the TRAs) or the TRAs otherwise terminate early, the Company’s obligations under the TRAs could have a substantial negative impact on its liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control.

Share Repurchases

The Company accounts for the purchase price of repurchased Class A Common Stock 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. All Class A Common Stock shares repurchased are retired upon repurchase.

Revenue Recognition

Under ASC Topic 606-*Revenue from Contracts with Customers*, revenue recognition is based on the transfer of control, or the customer’s ability to benefit from the services and products in an amount that reflects the consideration expected to be received in exchange for those services and products. In recognizing revenue for services and products, the transaction price is determined from sales orders or contracts with customers. Revenue is recognized at the completion of each fracturing stage, and in most cases the price at the end of each stage is fixed, however, in limited circumstances contracts may contain variable consideration.

Variable consideration typically may relate to discounts, price concessions and incentives. The Company estimates variable consideration based on the amount of consideration we expect to receive. The Company accrues revenue on an ongoing basis to reflect updated information for variable consideration as performance obligations are met.

The Company also assesses customers’ ability and intention to pay, which is based on a variety of factors including historical payment experience and financial condition. Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 45 days.

In connection with the adoption of ASC Topic 842, the Company determined that certain of its service revenue contracts contain a lease component. The Company elected to adopt a practical expedient available to lessors, which allows the Company to combine the lease and non-lease components and account for the combined component in accordance with the accounting treatment for the predominant component. Therefore, the Company combines the lease and service component for certain of the

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Company's service contracts and continues to account for the combined component under ASC Topic 606, *Revenue from Contracts with Customers*.

Deferred Revenue

From time to time, the Company may require partial payment in advance from new customers to secure credit or from existing customers in order to secure additional hydraulic fracturing services. Initially, such payments are recorded in the accompanying consolidated financial statements as deferred revenue, and upon performance of the agreed services, the Company recognizes revenue consistent with its revenue recognition policy described above. As of December 31, 2022 and 2021, the Company had \$3.9 million and \$4.6 million recorded as deferred revenue, respectively.

Transaction, Severance and Other Costs

During 2022, the Company incurred transaction and integration related costs in connection with the PropX 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. Additionally, during 2021, the Company incurred transaction and integration related costs in connection with the OneStim Acquisition (as defined below) and PropX Acquisition.

The Company incurred transaction costs in 2020 related to the OneStim Acquisition and severance and other costs related to the reduction in workforce in April 2020 and the commencement of furlough schedules for remaining employees in May 2020. Payments made to employees leaving the Company, as well as benefits paid to employees while on furlough are recorded to transaction, severance and other costs in the accompanying consolidated statements of operations for the year ended December 31, 2020.

Foreign Currency Translation

The Company records foreign currency translation adjustments from the process of translating the functional currency of the financial statements of its foreign subsidiary into the U.S. dollar reporting currency. 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. Assets and liabilities of the subsidiary's operations are translated into U.S. dollars at the rate of exchange in effect on the balance sheet date and income and expenses are translated at the average exchange rate in effect during the reporting period. Adjustments resulting from the translation of the subsidiary's financial statements are reported in other comprehensive income.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified from interest income to interest expense, net in the accompanying consolidated statements of operation to conform to the presentation of the current period financial statements. Additionally, amounts in the prior period financial statements have been reclassified from amortization of debt issuance costs to other non-cash (income) expense, net in the accompanying consolidated statement of cash flows to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net income or loss.

Note 3—Acquisitions

PropX Acquisition

On October 26, 2021, the Company entered into the certain Unit Purchase Agreement (the "Transaction Agreement") with Proppant Express Investments, LLC to acquire the assets and liabilities of Proppant Express Solutions, LLC ("PropX"), which provides last-mile proppant delivery solutions, including proppant handling equipment and logistics software across North America (the "PropX Acquisition"). PropX was acquired in exchange for \$11.9 million in cash and 3,405,526 shares of the Company's Class A Common Stock and 2,441,010 shares of the Company's Class B Common Stock, for total consideration of \$103.0 million based on the October 26, 2021 closing price of Class A Common Stock of \$15.58. In connection with the issuance of 2,441,010 shares of Class B Common Stock, Liberty LLC also issued 2,441,010 Liberty LLC Units to the Company. The Liberty LLC Units are redeemable for an equivalent number of shares of Class A Common Stock at any time, at the election of the shareholder.

The Company accounted for the PropX Acquisition using the acquisition method of accounting. The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based upon their estimated fair value at the date of the acquisition. The estimated fair values of certain assets and liabilities require significant judgments and estimates. The majority of the measurements of assets acquired and liabilities assumed, are based on inputs that are not observable in the market and thus represent Level 3 inputs.

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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 PropX Acquisition closed on October 26, 2021 the Company completed the purchase price allocation, particularly as it relates to current assets and current liabilities, during the year ended December 31, 2022.

The following table summarizes the fair value of the consideration transferred in the PropX Acquisition and the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed as of October 26, 2021, the date of the closing of the PropX Acquisition:

(\$ in thousands)

Total Purchase Consideration:

Consideration	\$	103,023
Cash and cash equivalents	\$	53
Accounts receivable and unbilled revenue		4,089
Inventory		8
Prepaid and other current assets		1,722
Property and equipment (1)		94,137
Intangible assets (included in other assets in the accompanying consolidated balance sheet as of December 31, 2021) (2)		7,100
Total identifiable assets acquired		107,109
Accounts payable		2,152
Accrued liabilities		1,934
Total liabilities assumed		4,086
Total purchase consideration	\$	103,023

(1) Useful lives average of 10 years, see Note 5—Property and Equipment

(2) Definite lived intangibles with an amortization period ranging from seven to 10 years

Transaction costs, costs associated with issuing additional equity and integration costs were recognized separately from the acquisition of assets and assumptions of liabilities in the PropX Acquisition. Transaction costs consist of legal and professional fees. Integration costs consist of expenses incurred to integrate PropX's operations, aligning accounting processes and procedures, and integrating its enterprise resource planning system with those of the Company. Merger and integration costs are expensed as incurred, and equity offering costs were recorded as a reduction to additional paid in capital.

The Company's consolidated statements of operations for the year ended December 31, 2021 includes 66 days of PropX operations as the PropX Acquisition closed on October 26, 2021. The Company does not present pro forma financial information for the periods prior to the PropX Acquisition as such information, after elimination of PropX's historical transactions with the Company, is not materially different than the results presented in the accompanying Consolidated Statements of Operations for years ended December 31, 2021 and 2020.

OneStim Acquisition

On August 31, 2020 the Company and certain of its subsidiaries entered into the certain Master Transaction Agreement (the "Transaction Agreement") with Schlumberger Technology Corporation and Schlumberger Canada Limited (collectively "Schlumberger"), pursuant to which the Company acquired certain assets and liabilities of Schlumberger's OneStim® business, which provides hydraulic fracturing pressure pumping services in onshore United States and Canada (such entire business of Schlumberger "OneStim," and the portion of OneStim acquired pursuant to the Transaction Agreement the "Transferred Business") in exchange for 57,377,232 shares of Class A Common Stock and a non-interest bearing demand promissory note (the "Canadian Buyer Note" and such acquisition, the "OneStim Acquisition"). The Canadian Buyer Note was settled for 8,948,902 shares of Class A Common Stock, and a total of 66,326,134 shares of Class A Common Stock were issued in connection with the OneStim Acquisition. Effective December 31, 2020, Schlumberger owned approximately 37.0% of the Company's issued and outstanding shares of Common Stock. In connection with the issuance of 66,326,134 shares of Class A Common Stock, Liberty LLC also issued 66,326,134 Liberty LLC Units to the Company.

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The OneStim Acquisition was completed for total consideration of approximately \$683.8 million based on the value of the Canadian Buyer Note and the closing price of the Class A Common Stock on December 31, 2020. The Company accounted for the OneStim Acquisition using the acquisition method of accounting. The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based upon their estimated fair value at the date of the acquisition. The estimated fair values of certain assets and liabilities, including accounts receivable, require significant judgments and estimates. The majority of the measurements of assets acquired and liabilities assumed, are based on inputs that are not observable in the market and thus represent Level 3 inputs.

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 OneStim Acquisition closed on December 31, 2020 the Company completed the purchase price allocation during the year ended December 31, 2021.

Transaction costs, costs associated with issuing additional equity and integration costs were recognized separately from the acquisition of assets and assumptions of liabilities in the OneStim Acquisition. Transaction costs consist of legal and professional fees and pre-merger notification fees. Equity offering costs consist of expenses incurred related to the Special Meeting of Stockholders, including the costs to prepare the required filings associated with such meeting, held on November 3, 2020. Integration costs consist of expenses incurred to integrate OneStim's operations, aligning accounting processes and procedures, and integrating its enterprise resource planning system with those of the Company. Merger and integration costs are expensed as incurred, and equity offering costs were recorded as a reduction to additional paid in capital.

The following combined pro forma information assumes the OneStim Acquisition occurred on January 1, 2020. The pro forma information presented below is for illustrative purposes only and does not reflect future events that occurred after December 31, 2020 or any operating efficiencies or inefficiencies that may result from the OneStim Acquisition. The information is not necessarily indicative of results that would have been achieved had the Company controlled OneStim during the periods presented.

	Year ended December 31, 2020
(unaudited, in thousands)	
Revenue	\$ 2,191,894
Net loss	(1,052,807)
Less: Net loss attributable to non-controlling interests	(196,020)
Net loss attributable to Liberty Energy Inc. stockholders	\$ (856,787)
Net loss attributable to Liberty Energy Inc. stockholders per common share:	
Basic	\$ (5.65)
Diluted	\$ (5.65)
Weighted average common shares outstanding:	
Basic	151,568
Diluted	151,568

The Company's consolidated statements of operations for the year ended December 31, 2020 does not include any results from OneStim operations as the OneStim Acquisition closed on December 31, 2020.

Transaction and integration costs incurred related to both transactions were \$5.8 million, \$13.6 million, and \$8.5 million, for the years ended December 31, 2022, 2021, and 2020, respectively, and are recorded as a component of transaction, severance and other costs in the accompanying consolidated statements of operations. Equity offering costs totaled \$0.1 million, \$1.3 million, and \$1.6 million, for the years ended December 31, 2022, 2021, and 2020, respectively, and are recorded as a reduction to additional paid in capital in the accompanying consolidated balance sheets.

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Note 4—Inventories

Inventories consist of the following:

(\$ in thousands)	December 31,	
	2022	2021
Proppants	\$ 31,350	\$ 23,413
Chemicals	32,392	17,996
Maintenance parts	150,712	93,184
	<u>\$ 214,454</u>	<u>\$ 134,593</u>

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, which is included as a component in cost of services in the consolidated statements of operations. The Company did not record any write-down to the inventory carrying value during the year ended December 31, 2021.

Note 5—Property and Equipment

Property and equipment consist of the following:

(\$ in thousands)	Estimated useful lives (in years)	December 31,	
		2022	2021
Land	N/A	\$ 29,276	\$ 33,812
Field services equipment	2-10	1,925,848	1,579,420
Vehicles	4-7	62,683	61,282
Lease Equipment	10	106,087	64,770
Buildings and facilities	5-30	135,281	148,555
Mineral reserves	>25	76,823	76,823
Office equipment and furniture	2-7	9,504	8,218
		<u>2,345,502</u>	<u>1,972,880</u>
Less accumulated depreciation and depletion		<u>(1,141,656)</u>	<u>(863,194)</u>
		1,203,846	1,109,686
Construction in-progress	N/A	158,518	89,601
		<u>\$ 1,362,364</u>	<u>\$ 1,199,287</u>

During the years ended December 31, 2022, 2021, and 2020, the Company recognized depreciation expense of \$302.3 million, \$243.0 million, and \$169.9 million, respectively. Depletion expense for the years ended December 31, 2022, 2021, and 2020 was \$1.2 million, \$1.2 million, and \$0.0 million, respectively.

As of December 31, 2022 and December 31, 2021, 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 December 31, 2022, the Company classified \$1.1 million of land and \$6.2 million of buildings, net of accumulated depreciation, of two properties that it intends to sell within the next year, and that meets the held for sale criteria, to assets held for sale, included in prepaid and other current assets in the accompanying consolidated balance sheet. The Company estimates that the carrying value of the assets were greater than the fair value less the estimated costs to sell, and therefore recorded a \$1.0 million loss during the year ended December 31, 2022, included as a component of gain on disposal of assets in the accompanying consolidated statements of operations. As of December 31, 2021, the Company determined no assets met the held for sale criteria.

Note 6—Leases

Lessee Arrangements

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.

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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.

The components of lease expense for the years ended as of December 31, 2022, and 2021 were as follows:

(\$ in thousands)	2022	2021
Finance lease cost:		
Amortization of right-of-use assets	\$ 5,827	\$ 5,490
Interest on lease liabilities	1,707	1,598
Operating lease cost	43,214	40,365
Variable lease cost	4,801	4,183
Short-term lease cost	6,931	5,026
Total lease cost, net	<u>\$ 62,480</u>	<u>\$ 56,662</u>

Supplemental cash flow and other information related to leases for the year ended December 31, 2022 and 2021 were as follows:

(\$ in thousands)	2022	2021
Cash paid for amounts included in measurement of liabilities:		
Operating leases	\$ 42,108	\$ 37,121
Finance leases	10,889	8,598
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	25,862	71,477
Finance leases	25,888	1,500

During the years ended December 31, 2022 and 2021, the Company amended certain operating leases, the change in terms of which caused the leases to be reclassified to finance leases. In connection with the amendments, the Company recognized finance lease right-of-use assets of \$3.5 million and liabilities of \$3.5 million. Additionally, the Company wrote-off operating lease right-of-use assets of \$0.2 million and liabilities of \$0.1 million. During the year ended December 31, 2021, the Company amended certain finance leases, the change in terms of which caused the leases to be reclassified to operating leases. In connection with the amendments the Company wrote-off finance lease right-of-use assets of \$16.6 million and liabilities of \$12.8 million. Additionally, the Company recognized operating lease right-of-use assets of \$14.3 million and liabilities of \$10.7 million. There was no gain or loss recognized as a result of these amendments.

Lease terms and discount rates as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Weighted-average remaining lease term:		
Operating leases	4.8 years	5.2 years
Finance leases	3.1 years	1.5 years
Weighted-average discount rate:		
Operating leases	4.6 %	4.2 %
Finance leases	8.2 %	8.6 %

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Future minimum lease commitments as of December 31, 2022 are as follows:

(\$ in thousands)	Finance	Operating
2023	\$ 11,737	\$ 31,073
2024	7,300	24,560
2025	7,411	22,238
2023	12,663	11,110
2027	154	4,572
Thereafter	—	14,504
Total lease payments	39,265	108,057
Less imputed interest	5,382	11,468
Total	\$ 33,883	\$ 96,589

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 December 31, 2022 is \$13.1 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.

Lessor Arrangements

The Company leases dry and wet sand containers and conveyor belts to customers through PropX. PropX leases 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 December 31, 2022 and 2021 were as follows:

(\$ in thousands)	December 31, 2022	December 31, 2021
Equipment leased to others - at original cost	\$ 106,087	\$ 64,770
Less: Accumulated depreciation	(11,408)	(1,377)
Equipment leased to others - net	\$ 94,679	\$ 63,393

Future payments receivable for operating leases commenced and committed but not delivered as of December 31, 2022 are as follows:

(\$ in thousands)	
2023	\$ 16,704
2024	9,218
2025	1,051
2026	—
2027	—
Thereafter	—
Total	\$ 26,973

Revenues from operating leases for the years ended December 31, 2022 and 2021 were \$25.5 million and \$3.2 million, respectively.

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Note 7—Accrued Liabilities

Accrued liabilities consist of the following:

(\$ in thousands)	December 31, 2022	December 31, 2021
Accrued vendor invoices	\$ 119,801	\$ 109,903
Operations accruals	72,348	64,707
Accrued benefits and other	86,964	60,505
	<u>\$ 279,113</u>	<u>\$ 235,115</u>

Note 8—Debt

Debt consists of the following:

	December 31,	
	2022	2021
Term Loan Outstanding	\$ 104,716	\$ 106,465
Revolving Line of Credit	115,000	18,000
Deferred financing costs and original issue discount	(1,270)	(2,013)
Total debt, net of deferred financing costs and original issue discount	<u>\$ 218,446</u>	<u>\$ 122,452</u>
Current portion of long-term debt, net of discount	\$ 1,020	\$ 1,007
Long-term debt, net of discount and current portion	217,426	121,445
	<u>\$ 218,446</u>	<u>\$ 122,452</u>

On September 19, 2017, the Company entered into two credit agreements, a revolving line of credit up to \$250.0 million subsequently increased to \$425.0 million, see below, (the “ABL Facility”) and a \$175.0 million term loan (the “Term Loan Facility”, and together with the ABL Facility the “Credit Facilities”).

On July 18, 2022, the Company entered into an amendment to the ABL Facility (the “Seventh ABL Amendment”). The Seventh ABL Amendment amended certain terms, provisions and covenants of the ABL Facility, including among other things: (i) increasing the maximum borrowing amount by \$75.0 million to \$425.0 million, subject to certain borrowing base limitations based on percentage of eligible accounts receivable and inventory, (ii) modifying certain covenant and reporting-related baskets, and (iii) replacing LIBOR with the secured overnight financing rate (“SOFR”) as the interest rate benchmark.

On August 12, 2022, the Company entered into an amendment to the Term Loan Facility (the “Sixth Term Loan Amendment”). The Sixth Term Loan Amendment amended certain terms, provisions and covenants of the Term Loan Facility, including among other things: (i) a waiver of the fixed charge coverage ratio requirements for up to \$100.0 million of restricted payments made in connection with the Company’s 2022 stock repurchase program for its common stock; (ii) the addition of a minimum liquidity requirement of \$150.0 million in order to make selected restricted payments, including those made under the 2022 stock repurchase program; (iii) the modification of certain covenant and reporting-related terms, including an increase in the allowance for permitted purchase money indebtedness from \$50.0 million to \$70.0 million; (iv) the addition of a prepayment premium of 1.0% through the first anniversary of the Sixth Term Loan Amendment effective date; and (v) the addition and modification of several provisions to replace LIBOR with SOFR as the interest rate benchmark.

On November 4, 2022, the Company entered into an amendment to the Term Loan Facility (the “Seventh Term Loan Amendment”). The Seventh Term Loan Amendment amended the restricted payments negative covenant of the Term Loan Facility so that the fixed charge coverage ratio requirements for dividend payments are waived, so long as the total of dividends paid and payments made in connection with the Company’s 2022 stock repurchase program does not exceed \$100.0 million. During the fourth quarter of 2022 the restricted payments negative covenant pertaining to the fixed charge coverage ratio requirements were satisfied and the \$100.0 million limit no longer applied.

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 the 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, with such release to occur within 120 days after January 23, 2023, refer to Note 16—Subsequent Events for more information.

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Also on January 23, 2023, the Company withdrew \$106.7 million on the ABL Facility and used the proceeds to pay off the Term Loan Facility. The balance of the Term Loan Facility upon pay off was \$104.7 million and included \$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, refer to Note 16—Subsequent Events for more information.

The weighted average interest rate on all borrowings outstanding as of December 31, 2022 and December 31, 2021 was 9.0% and 7.9%, respectively.

ABL Facility

Under the terms of the ABL Facility, up to \$425.0 million may be borrowed, subject to certain borrowing base limitations based on a percentage of eligible accounts receivable and inventory. As of December 31, 2022, the borrowing base was calculated to be \$425.0 million, and the Company had \$115.0 million outstanding in addition to letters of credit in the amount of \$2.6 million, with \$307.4 million of remaining availability. Borrowings under the ABL Facility bear interest at 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 defined in the ABL Facility credit agreement. Additionally, borrowings as of December 31, 2022 incurred interest at a weighted average rate of 6.3%. 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 the earlier of (i) October 22, 2026 and (ii) to the extent the debt under the Term Loan Facility remains outstanding, 90 days prior to the final maturity of the Term Loan Facility, which matures on September 19, 2024. Borrowings under the ABL Facility are collateralized by accounts receivable and inventory, and further secured by the Company, Liberty LLC, and R/C IV Non-U.S. LOS Corp., a Delaware corporation and a subsidiary of the Company, as parent guarantors.

Term Loan Facility

The Term Loan Facility provides for a \$175.0 million term loan, of which \$104.7 million remained outstanding as of December 31, 2022. Amounts outstanding bear interest at SOFR or a base rate, plus an applicable margin of 7.625% or 6.625%, respectively, and borrowings as of December 31, 2022 incurred interest at a rate of approximately 12.0%. The Company is required to make quarterly principal payments of 1% per annum of the outstanding principal balance, commencing on December 31, 2017, with final payment due at maturity on September 19, 2024. The Term Loan Facility is collateralized by the fixed assets of LOS and its subsidiaries, and is further secured by the Company, Liberty LLC, and R/C IV Non-U.S. LOS Corp., a Delaware corporation and a subsidiary of the Company, as parent guarantors.

The Credit Facilities include 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 Term Loan Facility requires mandatory prepayments upon certain dispositions of property or issuance of other indebtedness, as defined, and annually a percentage of excess cash flow (25% to 50%, depending on leverage ratio, of consolidated net income less capital expenditures and other permitted payments, commencing with the year ending December 31, 2018). Certain mandatory prepayments and optional prepayments are subject to a prepayment premium of 1% of the prepaid principal declining annually to 0% after the first anniversary of the Sixth Term Loan Amendment effective date.

The Credit Facilities are not subject to financial covenants unless liquidity, as defined in the respective credit agreements, drops below a specified level. Under the ABL Facility, the Company is required to maintain a minimum fixed charge coverage ratio, as defined in the credit agreement governing the ABL Facility, of 1.0 to 1.0 for each period if excess availability is less than 10% of the borrowing base or \$12.5 million, whichever is greater. Under the Term Loan Facility, the Company is required to maintain a minimum fixed charge coverage ratio, as defined, of 1.2 to 1.0 for each trailing twelve-month period if the Company's liquidity, as defined, is less than \$25.0 million for at least five consecutive business days.

The Company was in compliance with these covenants as of December 31, 2022.

Maturities of debt are as follows:

(\$ in thousands)

Years Ending December 31,

2023	\$	1,750
2024		217,966
2025		—
2026		—
2027		—
	<u>\$</u>	<u>219,716</u>

LIBERTY ENERGY INC.
Notes to Consolidated Financial Statements

Note 9—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 years ended December 31, 2022 and 2021.

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 require disclosure by level. The carrying values of all of the Company's financial instruments included in the accompanying consolidated balance sheets approximated or equaled their fair values on December 31, 2022 and 2021.

- The carrying values of cash and cash equivalents, accounts receivable and accounts payable (including accrued liabilities) approximated fair value on December 31, 2022 and 2021, due to their short-term nature.
- The carrying value of amounts outstanding under long-term debt agreements with variable rates approximated fair value on December 31, 2022 and 2021, as the effective interest 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 PropX Acquisition and OneStim Acquisition, which are required to be measured at fair value on the acquisition date in accordance with *ASC Topic 805*. See Note 3—Acquisitions.

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 consolidated balance sheet. The Company estimated the fair value of the properties based on a purchase and sale agreement 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 December 31, 2022 and 2021, the Company had cash equivalents, measured at fair value, of \$0.3 million and \$0.3 million, respectively.

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 consolidated financial statements. No such measurements were required as of December 31, 2022 and 2021 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.

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The Company's cash and cash equivalents balance on deposit with financial institutions total \$43.7 million and \$20.0 million as of December 31, 2022 and 2021, 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 December 31, 2022 and 2021, customer A accounted for 11.0% and 11.8%, respectively, of total consolidated accounts receivable and unbilled revenue. During the years ended December 31, 2022 and 2021, no customers accounted for 10% of consolidated revenues. During the year ended December 31, 2020, customer B accounted for 12.1%, customer C accounted for 10.7%, customer D accounted for 10.3%, and customer E accounted for 10.2%, of total consolidated revenues.

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

As of December 31, 2022, the Company had \$0.9 million in allowance for credit losses. As of December 31, 2021, the Company had \$0.9 million in allowance for credit losses and recorded a provision related to two entities inability to pay. As of December 31, 2020 the Company had \$0.8 million in allowance for credit losses. Subsequent to the adoption of ASU 2016-13 on January 1, 2020, the Company recognized a \$4.9 million allowance for credit losses, to the Company's accounts receivables in consideration of both historic collection experience and the expected impact of deteriorating economic conditions for the oil and gas industry as of such date.

The Company applied historic loss factors to its receivable portfolio segments that were 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 the ongoing impacts of COVID-19, including the potential impact of periodically adjusted borrowing base limits, level of hedged production, or unforeseen well shut-ins 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.

(\$ in thousands)	2022	2021	2020
Allowance for credit losses, beginning of year	\$ 884	\$ 773	\$ 1,053
Credit losses:			
Current period provision	—	745	4,877
Amounts written off, net of recoveries	—	(634)	(5,157)
Allowance for credit losses, end of year	<u>\$ 884</u>	<u>\$ 884</u>	<u>\$ 773</u>

Note 10—Equity

Preferred Stock

As of December 31, 2022 and 2021 the Company had 10,000 shares of preferred stock authorized, par value \$0.01, with none issued and outstanding. If issued, each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the Company's board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of shareholders.

Class A Common Stock

The Company had a total of 178,753,125 and 183,385,111 shares of Class A Common Stock outstanding as of December 31, 2022 and 2021, none of which were restricted. Holders of Class A Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders and are entitled to ratably receive dividends when and if declared by the Company's board of directors.

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Class B Common Stock

The Company had a total of 250,222 and 2,632,347 shares of Class B Common Stock outstanding as of December 31, 2022 and 2021, respectively. Holders of the Class B Common Stock are entitled to one vote per share on all matters to be voted upon by stockholders. Holders of Class A Common Stock and Class B Common Stock vote together as a single class on all matters presented to the Company's stockholders for their vote or approval, except with respect to amendment of certain provisions of the Company's certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B Common Stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law.

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

Under the Second Amended and Restated Limited Liability Company Agreement of Liberty LLC (the "Liberty LLC Agreement"), each Liberty Unit Holder has, subject to certain limitations, the Redemption Right, which allows it to cause Liberty LLC to acquire all or a portion of its Liberty LLC Units, for, at Liberty LLC's election, (i) shares of Class A Common Stock at a redemption ratio of one share of Class A Common Stock for each Liberty LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) an equivalent amount of cash. Alternatively, upon the exercise of the Redemption Right, the Company (instead of Liberty LLC) will have the Call Right, which allows it to, for administrative convenience, acquire each tendered Liberty LLC Unit directly from the redeeming Liberty Unit Holder for, at its election, (x) one share of Class A Common Stock or (y) an equivalent amount of cash. In addition, upon a change of control of the Company, the Company has the right to require each holder of Liberty LLC Units (other than the Company) to exercise its Redemption Right with respect to some or all of such unitholder's Liberty LLC Units. In connection with any redemption of Liberty LLC Units pursuant to the Redemption Right or the Call Right, the corresponding number of shares of Class B Common Stock will be canceled.

Long Term Incentive Plan

On January 11, 2018, the Company adopted the Long Term Incentive Plan ("LTIP") to incentivize employees, officers, directors and other service providers of the Company and its affiliates. The LTIP provides for the grant, from time to time, at the discretion of the Company's board of directors or a committee thereof, of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, dividend equivalents, other stock-based awards, cash awards, substitute awards and performance awards. Subject to adjustment in the event of certain transaction or changes of capitalization in accordance with the LTIP, 12,908,734 shares of Class A Common Stock have been reserved for issuance pursuant to awards under the LTIP. Class A Common Stock subject to an award that expires or is canceled, forfeited, exchanged, settled in cash or otherwise terminated without delivery of shares and shares withheld to pay the exercise price of, or to satisfy the withholding obligations with respect to, an award will again be available for delivery pursuant to other awards under the LTIP.

Restricted Stock Units

Restricted stock units ("RSUs") granted pursuant to the LTIP, if they vest, will be settled in shares of the Company's Class A Common Stock. RSUs were granted with vesting terms up to five years. Changes in non-vested RSUs outstanding under the LTIP during the year ended December 31, 2022 were as follows:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Non-vested as of December 31, 2021	2,741,061	\$ 11.04
Granted	1,727,721	12.89
Vested	(1,354,312)	11.00
Forfeited	(128,743)	10.55
Outstanding at December 31, 2022	<u>2,985,727</u>	<u>\$ 12.15</u>

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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 performance target compared to an index of competitors’ results over the three-year period as designated in the award. 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 year ended December 31, 2022 were as follows:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Non-vested as of December 31, 2021	1,306,945	\$ 12.45
Granted	412,920	12.47
Vested	(329,277)	14.93
Forfeited	—	—
Outstanding at December 31, 2022	1,390,588	\$ 11.87

Stock-based compensation is included in cost of services and general and administrative expenses in the Company’s consolidated statements of operations. The Company recognized stock-based compensation expense of \$23.1 million for the year ended December 31, 2022 and \$19.9 million for the year ended December 31, 2021. There was approximately \$29.9 million of unrecognized compensation expense relating to outstanding RSUs and PSUs as of December 31, 2022. The unrecognized compensation expense will be recognized on a straight-line basis over the weighted average remaining vesting period of two years.

Dividends

On April 2, 2020, the Company suspended future quarterly dividends until they were reinstated on October 18, 2022 by the Company’s board of directors.

The Company paid cash dividends of \$0.05 per share of Class A Common Stock on December 20, 2022 to stockholders of record as of December 6, 2022. Liberty LLC paid a distribution of \$9.0 million, or \$0.05 per Liberty LLC Unit, to all Liberty LLC unit holders as of December 6, 2022, \$9.0 million of which was paid to the Company. The Company used the proceeds of the distribution to pay the dividend to all holders of shares of Class A Common Stock as of December 6, 2022, which totaled \$9.0 million.

The Company paid cash dividends of \$0.05 per share of Class A Common Stock on March 20, 2020 to stockholders of record as of March 6, 2020. Liberty LLC paid a distribution of \$5.6 million, or \$0.05 per Liberty LLC Unit, to all Liberty LLC unit holders as of March 6, 2020, \$4.1 million of which was paid to the Company. The Company used the proceeds of the distribution to pay the dividend to all holders of shares of Class A Common Stock as of March 6, 2020, which totaled \$4.1 million.

Additionally, as of December 31, 2022 and 2021, the Company had \$0.2 million and \$0.2 million of dividend equivalents payable related to RSUs and PSUs to be paid upon vesting, respectively. Dividends 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 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 the share repurchase program that increased the Company’s cumulative repurchase authorization to \$500.0 million. 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 repurchases by using cash on hand, borrowings under its revolving credit facility and expected free cash flow to be generated through July 2024.

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During the year ended December 31, 2022, Liberty LLC purchased and retired 8,185,890 LLC Units from the Company for \$125.3 million, and the Company repurchased and retired 8,185,890 shares of Class A Common Stock for \$125.3 million or \$15.31 average price per share including commissions, under the share repurchase program.

As of December 31, 2022, \$124.7 million remained authorized for future repurchases of Class A Common Stock under the share repurchase program.

During the years ended December 31, 2021 and 2020, under the prior share repurchase program, no shares were repurchased and retired 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.

Note 11—Net Income (Loss) per Share

Basic net income (loss) per share measures the performance of an entity over the reporting period. Diluted net income (loss) 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 restricted stock and RSUs.

The following table reflects the allocation of net income (loss) to common stockholders and net income (loss) per share computations for the periods indicated based on a weighted average number of common stock outstanding:

(In thousands, except per share data)	Year Ended December 31, 2022	Year Ended December 31, 2021
Basic Net Income (Loss) Per Share		
Numerator:		
Net income (loss) attributable to Liberty Energy Inc. stockholders	\$ 399,602	\$ (179,244)
Denominator:		
Basic weighted average common shares outstanding	184,334	174,019
Basic net income (loss) per share attributable to Liberty Energy Inc. stockholders	\$ 2.17	\$ (1.03)
Diluted Net Income (Loss) Per Share		
Numerator:		
Net income (loss) attributable to Liberty Energy Inc. stockholders	\$ 399,602	\$ (179,244)
Effect of exchange of the shares of Class B Common Stock for shares of Class A Common Stock	716	—
Diluted net income (loss) attributable to Liberty Energy Inc. stockholders	\$ 400,318	\$ (179,244)
Denominator:		
Basic weighted average shares outstanding	184,334	174,019
Effect of dilutive securities:		
Restricted stock units	4,262	—
Class B Common Stock	753	—
Diluted weighted average shares outstanding	189,349	174,019
Diluted net income (loss) per share attributable to Liberty Energy Inc. stockholders	\$ 2.11	\$ (1.03)

In accordance with GAAP, diluted weighted average common shares presented above do not include certain weighted average shares of Class B Common Stock and restricted stock units, because to do so would have had an antidilutive effect, as follows:

(In thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021
Weighted average shares of Class B Common Stock	—	7,052
Weighted average shares of restricted stock units	—	3,589

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Note 12—Income Taxes

The Company is a corporation and is subject to taxation in the United States, Canada and various state, local and provincial jurisdictions. Liberty LLC is treated as a partnership, and its income is passed through to its owners for income tax purposes. Liberty LLC's members, including the Company, are liable for federal, state and local income taxes based on their share of Liberty LLC's pass-through taxable income. As of December 31, 2022, tax reporting by the Company for the years ended December 31, 2019, 2020, and 2021 is subject to examination by the tax authorities. With few exceptions, as of December 31, 2022, the Company is no longer subject to U.S. federal, state or local examinations by tax authorities for tax years ended before December 31, 2018.

The components of the Company's income (loss) from continuing operations before income taxes on which the provision for income taxes was computed consisted of the following:

(\$ in thousands)	Year Ended December 31,		
	2022	2021	2020
United States	\$ 375,758	\$ (191,774)	\$ (191,531)
Foreign	23,751	13,986	—
Total	\$ 399,509	\$ (177,788)	\$ (191,531)

The components of the provision for incomes taxes from continuing operations are summarized as follows:

(\$ in thousands)	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal	\$ 4,679	\$ —	\$ (5,541)
State	2,579	29	230
Foreign	4,421	4,108	—
Total Current	\$ 11,679	\$ 4,137	\$ (5,311)
Deferred:			
Federal	\$ (12,967)	\$ 6,125	\$ (23,103)
State	(1,182)	(439)	(2,443)
Foreign	1,677	(607)	—
Total Deferred	\$ (12,472)	\$ 5,079	\$ (25,546)
Income tax (benefit) expense	\$ (793)	\$ 9,216	\$ (30,857)

Income tax (benefit) expense attributable to net income (loss) before income taxes differed from the amounts computed by applying the statutory U.S. federal income tax rate of 21.0% to pre-tax income as a result of the following:

(\$ in thousands)	Year Ended December 31,		
	2022	2021	2020
Computed tax expense (benefit) at the statutory rate	\$ 83,897	\$ (37,336)	\$ (40,222)
Increase (decrease) in tax expense resulting from:			
State and local income tax expense (benefit), net	10,224	(5,204)	(2,212)
Non-controlling interest	(151)	1,565	9,463
Effect of foreign tax rates	697	478	—
Stock-based compensation	(2,724)	(535)	2,157
Change in valuation allowance	(91,336)	50,111	—
Other TRA adjustment	(2,763)	—	—
U.S. impact of foreign earnings	315	—	—
Other, net	1,048	137	(43)
Total income tax (benefit) expense	\$ (793)	\$ 9,216	\$ (30,857)

LIBERTY ENERGY INC.
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The effective tax rate for the years ended December 31, 2022, 2021, and 2020 was (0.2)%, (5.2)%, and 16.1%, respectively.

The Company recognized income tax benefit of \$(0.8) million during the year ended December 31, 2022. The Company's effective tax rate is less than the statutory federal income tax rate of 21.0% due to the Company releasing the valuation allowance on its U.S. net deferred tax assets as of December 31, 2021, due to entering into a three-year cumulative pre-tax book income position, as a result of improved operations.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

(\$ in thousands)	December 31, 2022	December 31, 2021
Deferred tax assets:		
Federal net operating losses	\$ 25,570	\$ 50,093
State net operating losses	5,762	7,576
Realized tax benefit - TRAs	99,153	91,312
Intangibles	576	301
Property and equipment	4,638	—
Other	450	219
Total deferred tax assets	136,149	149,501
Less valuation allowance	—	(91,336)
Net deferred tax assets	136,149	58,165
Deferred tax liabilities:		
Investment in Liberty LLC	\$ (121,861)	\$ (57,461)
Property and equipment	—	(97)
Other	(2,740)	(563)
Total deferred tax liabilities	(124,601)	(58,121)
Net deferred tax asset	\$ 11,548	\$ 44

During the year ended December 31, 2022 the Company released the valuation allowance on the Company's beginning U.S. net deferred tax assets, resulting in the recognition of an income tax benefit of \$91.3 million. As of December 31, 2022, the Company had significant deferred tax assets and liabilities, deferred tax assets include U.S. federal and state net operating losses and the step-up in basis of depreciable assets under Section 754 ("Section 754") of the Internal Revenue Code of 1986, as amended. In addition, the Company recorded a deferred tax liability for the difference between the book value and the tax value of the Company's investment in Liberty LLC. The Company also has deferred tax liabilities for foreign operations driven by net deductible reversing temporary differences related to differences between book and taxable income.

As of December 31, 2022, the Company has available U.S. federal net operating loss carryforwards to reduce future taxable income of \$121.6 million with no expiration date. Per the Coronavirus Aid, Relief and Economic Security ("CARES") Act enacted March 27, 2020, net operating losses ("NOL") incurred in 2018, 2019, and 2020 may be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company has applied for and expects to receive a NOL carryback refund to recover \$5.5 million of cash taxes paid by the Company in 2018. This amount has been reflected as a receivable in prepaids and other assets. The remaining deferred tax asset for net operating losses available for carryforward are presented as part of deferred tax assets.

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

Uncertain Tax Positions

The Company records uncertain tax positions on the basis of a two-step process in which (1) the Company determines whether it is more likely than not the tax positions will be sustained on the basis of the technical merits of the position and (2)

LIBERTY ENERGY INC.
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for those tax positions meeting the more likely than not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

The Company determined that no liability for unrecognized tax benefits for uncertain tax positions was required at December 31, 2022. In addition, the Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record a significant liability for unrecognized tax benefits within the next twelve months. If the Company were to record an unrecognized tax benefit, the Company will recognize applicable interest and penalties related to income tax matters in income tax expense.

Tax Distributions

Liberty LLC is treated as a partnership for income tax purposes. Federal, state and local taxes resulting from the pass-through taxable income of Liberty LLC are obligations of its members. Net profits and losses are generally allocated to the members of Liberty LLC (including the Company) in accordance with the number of Liberty LLC Units held by each member for tax purposes. The Liberty LLC Agreement provides for pro rata cash distributions, and in certain cases non-pro rata cash advances, to assist members (including the Company) in paying their income tax liabilities. The Liberty LLC Agreement requires any tax advances to be proportionally repaid in connection with any redemption of Liberty LLC Units pursuant to the Redemption Right or the Call Right. Net advances received by Liberty LLC from non-controlling interest holders were \$0.9 million and \$1.4 million, respectively, for the years ended December 31, 2022 and 2021. Additionally, Liberty LLC distributed \$2.8 million of which \$2.8 million was paid to the Company and \$0.0 million to non-controlling interest holders for the year ended December 31, 2022. Liberty LLC distributed \$0.0 million for the year ended December 31, 2021.

Tax Receivable Agreements

The term of each TRA commenced on January 17, 2018, and will continue until all such tax benefits that are subject to such TRA have been utilized or expired, unless the Company experiences a change of control (as defined in the TRAs, which includes certain mergers, asset sales and other forms of business combinations) or the TRAs are terminated early (at the Company's election or as a result of its breach), and the Company makes the termination payments specified in such TRA.

The amounts payable, as well as the timing of any payments, under the TRAs are dependent upon significant future events and assumptions, including the timing of the redemptions of Liberty LLC Units, the price of our Class A Common Stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of the redeeming unit holder's tax basis in its Liberty LLC Units at the time of the relevant redemption, the characterization of the tax basis step-up, the depreciation and amortization periods that apply to the increase in tax basis, the amount of net operating losses available to the Company as a result of the Corporate Reorganization, the amount and timing of taxable income the Company generates in the future, the U.S. federal income tax rate then applicable, and the portion of the Company's payments under the TRAs that constitute imputed interest or give rise to depreciable or amortizable tax basis.

Prior to the Corporate Reorganization, one of the Legacy Owners distributed a portion of its member interest in Liberty Holdings to R/C IV Non-U.S. LOS Corp. ("R/C IV"). Subsequently, in conjunction with the Corporate Reorganization, R/C IV was contributed to the Company. At the time of the contribution, R/C IV had net operating loss carryforwards totaling \$10.9 million for federal income tax purposes and \$10.9 million for certain state income tax purposes, which became available for the Company's use as a result of the contribution. As a result of the Company being in a net income position in 2018 and the expected utilization of deferred tax assets, the Company recognized a deferred tax asset of \$2.6 million and a corresponding \$2.3 million liability pursuant to the TRAs. Of the contributed net operating loss carryforwards, \$6.4 million for federal income tax purposes and \$6.4 million of certain state income tax purposes have been utilized. As a result, the Company has remaining \$0.8 million of deferred tax asset and a corresponding \$0.7 million liability pursuant to the TRAs.

At December 31, 2022, the Company's liability under the TRAs was \$118.9 million, all of which is presented as a component of long-term liabilities, and the related deferred tax assets totaled \$99.9 million. Upon the release of the valuation allowance, the Company recorded a loss on remeasurement of the liabilities subject to the TRA of \$76.2 million recorded as part of continuing operations in the current year.

During the year ended December 31, 2022, exchanges of Liberty LLC Units and shares of Class B Common Stock resulted in an increase of \$5.1 million in amounts payable under the TRAs, and a net increase of \$6.0 million in deferred tax assets, all of which were recorded through equity. The Company did not make any TRA payments for the year ended December 31, 2022.

During the year ended December 31, 2021, exchanges of Liberty LLC Units and shares of Class B Common Stock resulted in an increase of \$58.5 million in amounts payable under the TRAs, and a net increase of \$68.8 million in deferred tax assets, all of which were recorded through equity. The Company did not make any TRA payments for the year ended December 31, 2021.

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Note 13—Defined Contribution Plan

The Company sponsors a 401(k) defined contribution retirement plan covering eligible employees. The Company has historically made matching contribution 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 \$25.8 million, \$19.0 million, and \$4.2 million for the years ended December 31, 2022, 2021 and 2020, respectively.

During 2020, in connection with other cost savings measures undertaken in response to declining demand for frac services as a result of the impacts of the COVID-19 pandemic, employer matching contributions were temporarily suspended from April 1, 2020 through December 31, 2020. Effective January 1, 2021 the Company restored its 6% matching contribution.

Note 14—Related Party Transactions

Schlumberger Limited

As of December 31, 2022 Schlumberger owns 9,001,961 shares of Class A Common Stock of the Company, or approximately 5.0% of the issued and outstanding shares of Common Stock. Under the Transaction Agreement, to the extent the net working capital, as defined in the Transaction Agreement, of the Transferred Business is less than \$54.6 million, the difference shall be payable in cash to the Company. During the three months ended September 30, 2021, the Company agreed on a working capital settlement from Schlumberger of \$15.8 million, most of which was netted against transaction services costs and cash settlements during the transition services period. In conjunction with closing the OneStim Acquisition, the Company entered into a transition services agreement with Schlumberger, under which Schlumberger provides certain administrative transition services until the Company fully integrates the acquired business. During the years ended December 31, 2022 and 2021, the Company incurred \$0.0 million and \$5.7 million of fees payable to Schlumberger such transaction services. The Company does not expect to incur any additional transition services related fees in future periods.

During the year ended December 31, 2022, the Company repurchased and retired 1,700,000 shares of Class A Common Stock for \$27.8 million or \$16.35 average price per share from Schlumberger, under the share repurchase program.

During 2021, a subsidiary of the Company and Schlumberger entered into a property swap agreement under which the Company exchanged with Schlumberger a property acquired in the OneStim Acquisition and \$4.9 million in cash for a separate property that the Company will utilize with its existing operations. The Company did not recognize any gain or loss on the transaction. In separate transactions, the Company has sold equipment to Schlumberger including \$0.1 million and \$1.3 million during the years ended December 31, 2022 and 2021, respectively. The Company recognized a gain on the sale of equipment of \$0.0 million and \$0.9 million, respectively.

Following the OneStim Acquisition, in the normal course of business, the Company purchases chemicals, proppant and other equipment and maintenance parts from Schlumberger and its subsidiaries. During the year ended December 31, 2022 and 2021, total purchases from Schlumberger were approximately \$21.7 million and \$28.2 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. As of December 31, 2021 amounts due to Schlumberger were \$2.7 million and \$1.1 million included in accounts payable and accrued liabilities, respectively, in the consolidated balance sheet.

Franklin Mountain Energy, LLC

Effective on June 15, 2021, Audrey Robertson was appointed to the board of directors of the Company. Ms. Robertson serves as the Chief Financial Officer of Franklin Mountain Energy, LLC ("Franklin Mountain"). During the year ended December 31, 2022 the Company performed hydraulic fracturing services for Franklin Mountain in the amount of \$131.8 million or 3.2% of the Company's revenues for such period. During the year ended December 31, 2021 the Company performed hydraulic fracturing services for Franklin Mountain in the amount of \$20.5 million or 0.8% of the Company's revenues for such period. Amounts included in unbilled revenue from Franklin Mountain as of December 31, 2022 and 2021, were \$13.9 million and \$0.0 million, respectively. Receivables from Franklin Mountain as of December 31, 2022 and 2021, were \$0.0 million and \$0.0 million, respectively.

Liberty Resources LLC

Liberty Resources LLC, an oil and gas exploration and production company, and its successor entity (collectively, the "Affiliate") has certain common ownership and management with the Company. The amounts of the Company's revenue related to hydraulic fracturing services provided to the Affiliate for the years ended December 31, 2022, 2021 and 2020, were \$16.7 million, \$2.8 million and \$0.0 million, respectively. As of December 31, 2022 and 2021, there were \$0.0 million and \$0.0 million, respectively, outstanding receivables within the Company's accounts receivable-trade and unbilled revenue line items attributable to the Affiliate.

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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 be due on April 1, 2024. Amounts outstanding from the Affiliate as of the Agreement Date were \$11.8 million. Any receivable amount outstanding at the end of each month is subject to 12% interest through March 31, 2023, 15% from April 1, 2023 through September 30, 2023, and 18% thereafter.

During the years ended December 31, 2022, 2021 and 2020, interest income from the Affiliate was \$0.0 million, \$0.0 million and \$0.3 million, respectively.

PropX Acquisition

During 2016, Liberty Holdings entered into a future commitment to invest and become a non-controlling minority member in PropX, the provider of proppant logistics equipment. Effective October 26, 2021, the Company completed the purchase of all membership interest in PropX, refer to Note 3—Acquisitions for further discussion of the transaction. During the period from January 1, 2021 until October 26, 2021, the Company leased proppant logistics equipment from PropX for \$7.3 million. During the year ended December 31, 2020 the Company leased proppant logistics equipment from PropX for \$8.7 million.

R/C IV Liberty Big Box Holdings, L.P., a Riverstone Holdings LLC (“Riverstone”) fund and a former significant stockholder of the Company, held a greater than 10% equity interest in PropX. Christopher Wright, the Chief Executive Officer, Michael Stock, the Chief Financial Officer and Ron Gusek, the President of the Company, held a less than 5% equity interest in PropX through Big Box Proppant Investments LLC. Cary Steinbeck, a director of the Company, served on the PropX board of directors and held a less than 5% indirect equity interest in PropX. In addition, Brett Staffieri, a Riverstone appointed director, served on the board of the directors of the Company until June 15, 2021 and on the PropX board of directors until the acquisition date. The PropX Acquisition was reviewed and approved by the disinterested members of the Board and pursuant to the Company’s related party transactions policy.

Secondary Offering by Selling Stockholder

On April 29, 2022, the Company, Liberty LLC, Schlumberger, and BofA Securities, Inc. and J.P. Morgan Securities LLC (together, the “Underwriters”), entered into an underwriting agreement, dated as of April 29, 2022, pursuant to which Schlumberger sold 14,500,000 shares of Class A Common Stock at a price of \$15.50 per share to the Underwriters (the “Sale”). The Sale closed on May 3, 2022. Following the Sale, Schlumberger held 35,101,961 shares of Class A Common Stock. The Company did not receive any proceeds from the Sale.

Note 15—Commitments & Contingencies

Purchase Commitments (tons are not in thousands)

The Company enters into purchase and supply agreements to secure supply and pricing of proppants, chemicals, and equipment. As of December 31, 2022 and 2021, the agreements provide pricing and committed supply sources for the Company to purchase 2,915,172 and 89,317 tons, respectively, of proppant through December 31, 2024. Amounts above also include commitments to pay for transport fees on minimum amounts of proppants. Additionally, related proppant transload service commitments extend into 2023.

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

(\$ in thousands)

2023	\$	158,653
2024		44,772
2025		—
2026		—
2027		—
Thereafter		—
	\$	203,425

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 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

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Company could incur shortfall fees in the amounts of \$27.9 million and \$6.9 million for the years ended 2023 and 2024, respectively. Based on forecasted levels of activity, the Company does not currently expect to incur significant shortfall fees.

Included in the commitments for the year ending December 31, 2022 are approximately \$7.8 million of payments expected to be made in the first quarter of 2023 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 in aggregate will have a material adverse effect on its financial position or results of operations.

Note 16—Subsequent Events

On January 23, 2023, the Company, Liberty Oilfield Services New Holdco LLC, R/C IV Non-U.S. LOS Corp, Liberty Oilfield Services LLC, other subsidiaries of the Company, Wells Fargo Bank, National Association, as administrative agent (the "Agent"), and other lenders 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 the 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, with such release to occur within 120 days after January 23, 2023.

Also on January 23, 2023, the Company withdrew \$106.7 million on the ABL Facility and used the proceeds to pay off the Term Loan Facility. The balance of the Term Loan Facility upon pay off was \$104.7 million and included \$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. As such, the only outstanding debt facility after January 23, 2023 is the ABL Facility. Refer to "Our current and future indebtedness could adversely affect our financial condition" included in "Item 1A. Risk Factors" above for further details on the outstanding balance of the ABL Facility as of the filing date.

On January 24, 2023, the Company's board of directors approved a quarterly dividend of \$0.05 per share of Class A Common Stock to be paid on March 20, 2023 to holders of record as of March 6, 2023.

Additionally, on January 24, 2023, the Company's board of directors authorized an increase of the share repurchase program that allows the Company to repurchase an additional \$250.0 million for a total up to \$500.0 million of the Company's Class A Common Stock.

Effective January 31, 2023, Liberty LLC was merged into the Company, with the Company surviving the merger. In connection with the merger all outstanding shares of the Company's Class B Common Stock were redeemed and exchanged for an equal number of shares of the Company's Class A Common Stock. The Company did not make any distributions or receive any proceeds in connection with this exchange. The merger is not expected to have a significant impact on the Company's consolidated financial statements.

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

**Description of the Company's Common Stock Registered
Under Section 12 of the Exchange Act of 1934**

References to the "Company", "us" and "our" herein are references to Liberty Energy Inc.

Description of Capital Stock

The following description of our capital stock is a summary and does not purport to be complete. It is subject and qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation and second amended and restated bylaws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read our amended and restated articles of incorporation and second amended and restated bylaws for additional information.

Authorized Capital Stock

The authorized capital stock of the Company consist of 400,000,000 shares of Class A common stock, \$0.01 par value per share (the "Class A Common Stock"), 400,000,000 shares of Class B common stock, \$0.01 par value per share (the "Class B Common Stock") and 10,000 shares of preferred stock, \$0.01 par value per share (the "Preferred Stock"). As of December 31, 2022, we had 178,753,125 shares of Class A Common Stock outstanding, 250,222 shares of Class B Common Stock outstanding, and no shares of Preferred Stock issued or outstanding. Effective January 31, 2023, all shares of Class B Common Stock were redeemed and exchanged, and no shares of Class B Common Stock were issued or outstanding.

Class A Common Stock

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

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

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

Other Matters. The shares of Class A Common Stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A Common Stock. All outstanding shares of our Class A Common Stock are fully paid and non-assessable.

Class B Common Stock

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

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

Redemption Right. Each member of Liberty Oilfield Services New HoldCo LLC ("Liberty LLC") has received one share of Class B Common Stock for each unit of Liberty LLC (a "Liberty LLC Unit") that it holds. Accordingly, each member of Liberty LLC has a number of votes in the Company equal to the aggregate number of Liberty LLC Units that it holds. Pursuant to the Second Amended and Restated Limited Liability Company Agreement of Liberty LLC, each holder of Liberty LLC Units has, subject to certain limitations, the right to cause Liberty LLC to acquire all or a portion of its Liberty LLC Units, together with an equal number of shares of Class B Common Stock, for, at

Liberty LLC's election, shares of Class A Common Stock or cash. The final redemption of Liberty LLC Units occurred on January 31, 2023.

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

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

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

Delaware Law

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

the transaction is approved by the board of directors before the date the interested shareholder attained that status;

upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

Amended and Restated Certificate of Incorporation and Second Amended and Restated Bylaws

Provisions of our amended and restated certificate of incorporation and our second amended and restated bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that our shareholders might otherwise deem to be in their best interests, including those set forth below:

requirements for advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our shareholders;

the ability to authorize undesignated preferred stock which makes it possible for our board of directors to issue, without shareholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us;

our authorized number of directors may be changed only by resolution of the board of directors;

all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;

any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of preferred stock with respect to such series;

our amended and restated certificate of incorporation and second amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then outstanding Class A Common Stock;

special meetings of our shareholders may only be called by the board of directors, the chief executive officer or the chairman of the board;

our board of directors is divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three year terms, other than directors which may be elected by holders of preferred stock, if any;

we renounced any interest in existing and future investments in other entities by, or the business opportunities of, funds affiliated with Riverstone Holdings LLC and its affiliates and they have no obligation to offer us those investments or opportunities; and

our second amended and restated bylaws can be amended by the board of directors.

Forum Selection

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

any derivative action or proceeding brought on our behalf;

any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;

any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our second amended and restated bylaws; or

any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

The above exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, our second amended and restated bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Under Section 22 of the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation and second amended and restated bylaws related to choice of forum. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation or bylaws have been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that these provisions in our amended and restated certificate of incorporation and second amended and restated bylaws are inapplicable or unenforceable.

SEVENTH AMENDMENT TO CREDIT AGREEMENT

This SEVENTH AMENDMENT TO CREDIT AGREEMENT (this “Agreement”), is entered into as of November 4, 2022, by and among LIBERTY OILFIELD SERVICES LLC, a Texas limited liability company (the “Borrower”), LIBERTY ENERGY INC., a Delaware corporation (“Ultimate Parent”), LIBERTY OILFIELD SERVICES NEW HOLDCO LLC, a Delaware limited liability company (“Liberty Holdings”), R/C IV NON-U.S. LOS CORP, a Delaware corporation (“R/C Holdings”), LOS CIBOLO RE INVESTMENTS, LLC, a Texas limited liability company (“LOS Cibolo”), LOS ODESSA RE INVESTMENTS, LLC, a Texas limited liability company (“LOS Odessa”), ST9 GAS AND OIL LLC, a Texas limited liability company (“ST9”), FREEDOM PROPPANT LLC, a Delaware limited liability company (“Freedom”), LOS KERMIT LLC, a Delaware limited liability company (“LOS Kermit”), LOS LEASING COMPANY LLC, a Texas limited liability company (“LOS Leasing”), and PROPPANT EXPRESS SOLUTIONS, LLC, a Delaware limited liability company (“Proppant Express”, together with Ultimate Parent, Liberty Holdings, the Borrower, R/C Holdings, LOS Cibolo, LOS Odessa, ST9, Freedom, LOS Kermit and LOS Leasing, collectively, the “Loan Parties” and each, individually, a “Loan Party”), the undersigned Lenders (as defined below), and U.S. BANK NATIONAL ASSOCIATION, as administrative agent (in such capacity, together with its successors and assigns in such capacity, “Agent”).

WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement, dated as of September 19, 2017 (as amended by that certain Amendment and Joinder to Credit Agreement, dated as of January 17, 2018, by that certain Second Amendment and Joinder to Credit Agreement, dated as of March 21, 2018, by that certain Third Amendment to Credit Agreement, dated as of August 12, 2020, by that certain Waiver, Consent and Fourth Amendment to Credit Agreement and First Amendment to Guaranty and Security Agreement, dated as of December 29, 2020, by that certain Fifth Amendment to Credit Agreement, Second Amendment to Guaranty and Security Agreement and Termination of Right of First Offer Letter, dated as of October 22, 2021, by that certain Sixth Amendment to Credit Agreement, dated as of August 12, 2022, and as may be further amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”; initially capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement), by and among the lenders identified on the signature pages thereto (each of such lenders, together with its successor and permitted assigns, a “Lender”), Agent, the Borrower, Ultimate Parent, Liberty Holdings, R/C Holdings and the other Loan Parties from time to time party thereto, the Lender Group has agreed to make Loans thereunder; and

WHEREAS, the Loan Parties have requested that the Required Lenders amend the Credit Agreement, and the Required Lenders are willing to do so, subject to the terms and conditions specified herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the parties hereto hereby agrees as follow:

1. Amendments to Credit Agreement. In reliance on the representations and warranties of the Loan Parties set forth in Section 3 below, and subject to the satisfaction of the conditions to effectiveness set forth in Section 2 below, the Credit Agreement shall be amended as follows:

(a) Section 6.7(e) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(e) “Loan Parties may make other Restricted Payments in an aggregate amount not to exceed the portion, if any, of the Cumulative Credit that the Loan Parties elect to use to make a Restricted Payment, such election to be specified in a written notice of an Authorized Person of the Administrative Borrower calculating in reasonable detail the amount of the Cumulative Credit immediately prior to such election and the amount thereof to be so applied (which written notice, in the case of Restricted Payments made in connection with the 2022 Stock Buyback Program, shall be provided on a monthly basis as part of the 2022 Stock Buyback Program Monthly Report); provided, that each of the following conditions is satisfied: (i) no Event of Default has occurred or is continuing or would result therefrom, and (ii) after giving pro forma effect to such payment, (x) the Fixed Charge Coverage Ratio shall be at least 1.20 to 1.00, and (y) the Total Net Leverage Ratio shall be no greater than 3.00:1.00 and (z) Liquidity shall not be less than \$150,000,000; provided, further, that, (A) after the Sixth Amendment Effective Date, the foregoing condition in clause (ii)(x) shall not apply to the first \$100,000,000 in Restricted Payments made in connection with the 2022 Stock Buyback Program, (B) after the Seventh Amendment Effective Date, solely on the date such payment is made where the Fixed Charge Coverage Ratio is less than 1.20 to 1.00, the foregoing condition in clause (ii)(x) shall not apply to Restricted Payments resulting from a declared or paid dividend, provided that Restricted Payments made pursuant to this clause (B) shall be consolidated with the Restricted Payments made in connection with the 2022 Stock Buyback Program and capped in the aggregate at \$100,000,000, (C) for the avoidance of doubt, for the purposes of calculating “Liquidity” in connection with the foregoing clause (ii)(z), “cash and Cash Equivalents” shall be deemed to include Canadian Dollars solely to the extent subject to a Control Agreement and (D) notwithstanding anything to the contrary contained herein, no proceeds received from the Disposition of any property or assets acquired pursuant to the Schlumberger Acquisition shall be used to make any such Restricted Payment,”

2. Conditions to Effectiveness.

(a) The Amendment, shall become effective and be deemed effective as of the date when, and only when, all of the following conditions have been satisfied (such date, the “Seventh Amendment Effective Date”):

(i) the Lenders shall have received a copy of this Agreement, duly authorized, executed and delivered by the Loan Parties and the Required Lenders;

(ii) the representations and warranties of the Loan Parties contained in this Agreement, the Credit Agreement and the other Loan Documents shall be true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the Seventh Amendment Effective Date (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date); and

(iii) no Default or Event of Default shall have occurred and be continuing.

3. Representations and Warranties of the Loan Parties. Each Loan Party hereby represents and warrants as of the Seventh Amendment Effective Date, to the extent applicable, to Agent and the Lenders as follows:

(a) it (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified could reasonably be expected to result in a Material Adverse Effect, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and to carry out the transactions contemplated by this Agreement and each of the other Loan Documents to which it is a party (including, without limitation, after giving effect to the Amendments, the Credit Agreement);

(b) the execution and delivery of this Agreement, and the performance by it of this Agreement and each other Loan Document to which it is a party (including, without limitation, after giving effect to the Amendments, the Credit Agreement), (i) have been duly authorized by all necessary action on the part of such Loan Party and (ii) do not and will not (A) violate any material provision of federal, state, or local law or regulation applicable to such Loan Party or its Subsidiaries, the Governing Documents of such Loan Party or its Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on such Loan Party or its Subsidiaries, (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material agreement of such Loan Party or its Subsidiaries where any such conflict, breach or default could individually or in the aggregate reasonably be expected to have a Material Adverse Effect, (C) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of such Loan Party or its Subsidiaries, other than Permitted Liens, (D) require any approval of such Loan Party's interest holders or any approval or consent of any Person under any material agreement of such Loan Party or its Subsidiaries, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of material agreements, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect, or (E) require any registration with, consent, or approval of, or notice to or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other actions that have been obtained and that are still in force and effect;

(c) this Agreement and each other Loan Document to which such Loan Party is a party (including, without limitation, after giving effect to the Amendments, the Credit Agreement) is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally;

(d) the representations and warranties contained in this Agreement, the Credit Agreement and the other Loan Documents are true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of Seventh Amendment Effective Date (after giving effect to the Amendments) (except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date); and

(e) no Default or Event of Default has occurred and is continuing.

4. Further Assurances. At any time upon the reasonable request of Agent or the Required Lenders, each Loan Party shall promptly execute and deliver to Agent or the Required Lenders such Additional Documents as Agent or the Required Lenders shall reasonably request pursuant to the Credit Agreement or any other Loan Document, in each case in form and substance reasonably satisfactory to Agent or the Required Lenders, as applicable.

5. Choice of Law and Venue; Jury Trial Waiver; Judicial Reference.

(a) THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THIS AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN SECTION 12 OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, MUTATIS MUTANDIS.

6. Binding Effect. This Agreement shall be binding upon the Loan Parties and shall inure to the benefit of Agent and the Lenders, together with their respective successors and permitted assigns.

7. Effect on Loan Documents.

(a) The terms and provisions set forth in this Agreement shall modify and supersede all inconsistent terms and provisions of the Credit Agreement and shall not be deemed to be a consent to the modification or amendment of any other term or condition of the Credit Agreement. Except as expressly modified and superseded by this Agreement, the terms and provisions of the Credit Agreement and each of the other Loan Documents are ratified and confirmed and shall continue in full force and effect.

(b) Each reference in the Credit Agreement or any other Loan Document to this "Agreement", "hereunder", "herein", "hereof", "thereunder", "therein", "thereof", or words of like import referring to the Credit Agreement or any other Loan Document shall mean and refer to such agreement as modified by this Agreement.

8. Reaffirmation. Each of the Loan Parties as debtor, grantor, pledgor, guarantor, assignor, or in other any other similar capacity in which such Loan Party grants liens or security interests in its property or otherwise acts as accommodation party or guarantor, as the case may be, hereby (a) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party and (b) to the extent such Loan Party granted liens on or security interests in any of its property pursuant to any such Loan Document as security for or otherwise guaranteed the Obligations, ratifies and reaffirms such guarantee and grant of security interests and liens and confirms and agrees that such security interests and liens hereafter secure all of the Obligations. The execution of this Agreement shall not operate as a waiver of any right, power or remedy of the Lenders or Agent, constitute a waiver of any provision of any of the Loan Documents or serve to effect a novation of the Obligations.

9. Release.

(a) In consideration of the agreements of Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Loan Party, on behalf of itself and its successors and assigns, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and the Lenders, and their successors and assigns, and their present and former, direct and indirect, owners, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a “Claim” and collectively, “Claims”) of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Loan Party or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever in relation to, or in any way in connection with, the Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto which arises at any time on or prior to the day and date of this Agreement.

(b) Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

10. Fees and Expenses. The Borrower agrees to pay on demand all reasonable costs and expenses (including, but not limited to, the Seventh Amendment Fee) of Agent and the Lenders (including reasonable attorneys’ fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Agreement, the Credit Agreement as amended hereby or any other Loan Document.

11. Miscellaneous

(a) This Agreement is a Loan Document. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic image scan transmission (e.g., “PDF” or “tif” via email) shall be equally effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic image scan transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce

Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require Agent or any Lender to accept Electronic Signatures in any form or format without its prior written consent.

(b) Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

(c) Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

(d) Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any member of the Lender Group or any Loan Party, whether under any rule of construction or otherwise. This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

(e) The pronouns used herein shall include, when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

(f) This Agreement shall be subject to the rules of construction set forth in Section 1.4 of the Credit Agreement, and such rules of construction are incorporated herein by this reference, *mutatis mutandis*.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Loan Parties and the Lenders party hereto have caused this Agreement to be duly executed by its authorized officer as of the day and year first above written.

LOAN PARTIES:

LIBERTY OILFIELD SERVICES LLC,
a Texas limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LIBERTY ENERGY INC.,
a Delaware corporation

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LIBERTY OILFIELD SERVICES NEW HOLDCO LLC, a Delaware
limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

R/C IV NON-U.S. LOS CORP,
a Delaware corporation

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LOS CIBOLO RE INVESTMENTS, LLC, a Texas limited liability
company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LOS ODESSA RE INVESTMENTS, LLC, a Texas limited liability
company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

ST9 GAS AND OIL LLC, a Texas limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

FREEDOM PROPPANT LLC, a Delaware limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LOS KERMIT LLC, a Delaware limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LOS LEASING COMPANY LLC, a Texas limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

PROPPANT EXPRESS SOLUTIONS, LLC, a Delaware limited liability company

By: /s/ R. Sean Elliott
Name: R. Sean Elliott
Title: Vice President and General Counsel

LENDERS:

MSD CREDIT OPPORTUNITY MASTER FUND, L.P., a Cayman Islands exempt limited partnership

By: /s/ Marcello Liguori
Name: Marcello Liguori
Title: Managing Director

REDWOOD MASTER FUND, LTD.

By: Redwood Capital Management, LLC, its investment manager

By: /s/ Ruben Kliksberg
Name: Ruben Kliksberg
Title: Chief Executive Officer

REDWOOD OPPORTUNITY MASTER FUND, LTD.

By: Redwood Capital Management, LLC, its investment manager

By: /s/ Ruben Kliksberg
Name: Ruben Kliksberg
Title: Chief Executive Officer

CORBIN OPPORTUNITY FUND, L.P.

By: Redwood Capital Management, LLC, its subadvisor

By: /s/ Ruben Kliksberg
Name: Ruben Kliksberg
Title: Chief Executive Officer

**INVESTCORP CREDIT MANAGEMENT
BDC, INC.**

By: Christopher E Jansen
Name: /s/ Christopher E Jansen
Title: Co-CIO

CHAMBERS ENERGY CAPITAL IV, LP

By: CEC Fund IV GP, LLC, its general partner

By: /s/ Robert Hendricks
Name: Robert Hendricks
Title: Partner

FIRST AMENDMENT TO
AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

This **FIRST AMENDMENT TO AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT** (this “**Amendment**”), dated as of December 1, 2022 (the “**Amendment Date**”), is entered into by and between Liberty Energy Inc., a Delaware corporation, formerly known as Liberty Oilfield Services Inc. (the “**Company**”), and Schlumberger Technology Corporation, a Texas corporation (“**Schlumberger**” and, together with the Company, the “**Parties**”). Capitalized terms used by not defined herein shall have the meaning set forth in the Registration Rights Agreement (defined below).

BACKGROUND

WHEREAS, in connection with the Company’s initial public offering of its Common Stock, the Company provided registration rights with respect to certain Registrable Securities pursuant to that certain Registration Rights Agreement (the “**Original Agreement**”), dated as of January 17, 2018, by and among the Company and the initial holders signatory thereto;

WHEREAS, Holders constituting the holders of a majority of the Registrable Securities, as of December 31, 2020, subsequently amended and restated the Original Agreement in its entirety on December 31, 2020 pursuant to Section 9(c) thereof (the Original Agreement, as amended, the “**Registration Rights Agreement**”);

WHEREAS, as of the Amendment Date, Schlumberger is the Holder under the Registration Rights Agreement that holds a majority of the Registrable Securities; and

WHEREAS, the Parties now desire to further amend the Registration Rights Agreement pursuant to Section 10(c) thereof and to enter into this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby amend the Registration Rights Agreement as follows:

1. Amendment to Registration Rights Agreement. As of the Amendment Date, the definition of Registrable Securities as set forth in Section 1 of the Registration Rights Agreement is hereby amended by deleting such definition in its entirety and restating it as follows:

“**Registrable Securities**” means the Shares; *provided, however*, that Registrable Securities shall not include: (a) any Shares that have been registered under the Securities Act and disposed of pursuant to an effective Registration Statement or otherwise transferred to a Person who is not entitled to the registration and other rights hereunder; (b) any Shares that have been sold or transferred by the Holder thereof pursuant to Rule 144 (or any similar provision then in force under the Securities Act) and the transferee thereof does not receive “restricted securities” as defined in Rule 144; (c) any Shares that may be sold pursuant to Rule 144 (or any similar provision then in force under the Securities Act) without regard to volume or manner of sale limitations, and (d) any Shares that cease to be outstanding (whether as a result of repurchase and cancellation, conversion or otherwise).

2. Continuing Effect. Except as modified and amended herein, all of the terms and conditions of the Registration Rights Agreement remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendment contained herein will not be construed as an

amendment to or waiver of any other provision of the Registration Rights Agreement or as a waiver of or consent to any further or future action on the part of any party that would require the waiver or consent of another party. On and after the Amendment Date, each reference in the Registration Rights Agreement to “this Agreement,” “the Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference to the Registration Rights Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Registration Rights Agreement, will mean and be a reference to the Registration Rights Agreement as amended by this Amendment.

3. Representations and Warranties. Schlumberger hereby represents and warrants to the Company, and the Company hereby represents and warrants to Schlumberger, that (i) it has the full right, power and authority to enter into this Amendment and to perform its obligations hereunder and under the Registration Rights Agreement as amended by this Amendment, and (ii) the execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party; and (iii) this Amendment has been executed and delivered by such Party and constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors’ rights generally or the effect of general principles of equity.

4. Counterparts. This Amendment may be executed in several identical counterparts all of which shall constitute one and the same instrument.

5. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Delaware. Each of the Parties irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and the United States District Court for the District of Delaware and the appellate courts therefrom for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Amendment and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each Party anywhere in the world by the same methods as are specified for the giving of notices under this Amendment. Each of the Parties irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HEREBY WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AMENDMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

6. Further Assurances. Each of the Parties hereto shall execute and deliver, at the reasonable request of the other Party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other Party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Amendment.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

COMPANY:

LIBERTY ENERGY INC.

By: /s/ R. Sean Elliot

Name: R. Sean Elliot

Title: Vice President, General Counsel and Corporate Secretary

Signature Page to First Amendment to Amended and Restated Registration Rights Agreement

HOLDER:

SCHLUMBERGER TECHNOLOGY CORPORATION

By: /s/ Chad Peterson

Name: Chad Peterson

Title: Managing Director US Land

Signature Page to First Amendment to Amended and Restated Registration Rights Agreement

Subsidiaries of Liberty Energy Inc.

Pursuant to Item 601(b)(21) of Regulation S-K, we have omitted some subsidiaries that, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary under Rule 1-02(w) of Regulation S-X.

Entity	State or Jurisdiction of Formation
Liberty Oilfield Services LLC	Texas
LOS Leasing Company LLC	Texas
Freedom Proppant LLC	Delaware
LOS Kermit LLC	Delaware
Proppant Express Solutions, LLC	Delaware
LOS Canada Holdings Inc.	British Columbia
LOS Canada Operations ULC	British Columbia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-222616 and 333-225948 on Form S-8, and Registration Statement No. 333-232580 on Form S-3ASR of our reports dated February 10, 2023, relating to the financial statements of Liberty Energy Inc. and its subsidiaries and the effectiveness of Liberty Energy Inc. and its subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Denver, Colorado

February 10, 2023

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christopher A. Wright, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: February 10, 2023

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 Annual Report on Form 10-K 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 periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: February 10, 2023

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 Annual Report on Form 10-K for the year ended December 31, 2022 (“*Form 10-K*”) 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 information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Form 10-K.

Date: February 10, 2023

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

**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 Annual Report on Form 10-K for the year ended December 31, 2022 (“*Form 10-K*”) 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 information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Form 10-K.

Date: February 10, 2023

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

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 full year ended December 31, 2022. 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.

Year Ended December 31, 2022

(unaudited)
(whole dollars)

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed (1)	Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Freedom Proppants —Monahans Mine/4105336	16	—	—	—	—	\$ 1,862	—	N	N	—	—	—
Freedom Proppants —Kermit Mine/4105321	9	—	—	—	—	\$ 1,197	—	N	N	—	—	—

(1) Amounts included are the total dollar value of proposed assessments received from MSHA on or before December 31, 2022, regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the year ended December 31, 2022. 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.