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

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from [ ] to [ ]
Commission File Number: 001-41388

ProFrac Holding Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**87-2424964**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Shops Boulevard, Suite 301, Willow Park, Texas	**76087**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(254) 776-3722**

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 per share	ACDC	The Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 is a shell company (as defined in Rule 12b-2 of the Act). ☐Yes ☑No

As of November 1, 2024, the registrant had 160,146,602 shares of Class A common stock outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains "forward-looking statements" as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include those that express a belief, expectation or intention, as well as those that are not statements of historical fact. Forward-looking statements include information regarding our future plans and goals, as well as our expectations with respect to:

- Our business strategy and future growth prospects;
- Our industry;
- Integration of acquired businesses;
- Our future profitability, cash flows and liquidity;
- Our financial strategy, budget, projections and operating results;
- The amount, nature and timing of our capital expenditures and the impact of such expenditures on our performance;
- The availability and terms of capital;
- Our exploration, development and production activities;
- The market for our existing and future products and services;
- Competition and government regulations; and
- General economic conditions.

These forward-looking statements may be accompanied by words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "project," "will," "should," "could," "would," "likely," "future," "budget," "pursue," "target," "seek," "objective," or similar expressions that are predictions of or indicate future events or trends that do not relate to historical matters.

The forward-looking statements in this Quarterly Report speak only as of the date of this Quarterly Report, or such other date as specified herein. We disclaim any obligation to update these statements unless required by law, and we caution you not to place undue reliance on them. Forward-looking statements are not assurances of future performance and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties include, but are not limited to, the following:

- our ability to finance, consummate, integrate and realize the benefits expected from our past or future acquisitions, including any related synergies;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States and elsewhere, which in turn will likely affect demand for crude oil and natural gas and therefore the demand for our services;
- the level of production of crude oil, natural gas and other hydrocarbons and the resultant market prices of crude oil, natural gas, natural gas liquids and other hydrocarbons;
- a future decline in domestic spending by the onshore oil and natural gas industry;
- actions by members of the Organization of Petroleum Exporting Countries, Russia and other oil-producing countries with respect to oil production levels and announcements of potential changes in such levels;
- the political environment in oil and natural gas producing regions, including uncertainty or instability resulting from civil disorder, terrorism or war, such as the ongoing war between Russia and Ukraine and the war between Israel and Hamas, and the global response to such hostilities, which may negatively impact our operating results;
- changes in general economic and geopolitical conditions;
- competitive conditions in our industry;
- changes in the long-term supply of and demand for oil and natural gas;
- actions taken by our customers, competitors and third-party operators;
- a decline in demand for proppant;
- our ability to obtain permits, approvals and authorizations from governmental and third parties, and the effects of or changes to U.S. government regulation;
- changes in the availability and cost of capital;
- inflationary factors, such as increases in labor costs, material costs and overhead costs;
- our ability to successfully implement our business plan, including a transaction to realize the value of our proppant production segment;

- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- the effects of consolidation on our customers or competitors;
- the price and availability of debt and equity financing (including changes in interest rates);
- our ability to complete growth projects on time and on budget;
- introduction of new drilling or completion techniques, or services using new technologies subject to patent or other intellectual property protections;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- acts of terrorism, war or political or civil unrest in the United States or elsewhere;
- loss or corruption of our information or a cyberattack on our computer systems;
- the price and availability of alternative fuels and energy sources;
- federal, state and local regulation of hydraulic fracturing and other oilfield service activities, as well as exploration and production activities, including public pressure on governmental bodies and regulatory agencies to regulate our industry;
- the availability of water resources, suitable proppant and chemicals in sufficient quantities for use in hydraulic fracturing fluids;
- the effects of existing and future laws and governmental regulations (or the interpretation thereof) on us and our customers;
- the severity and duration of widespread health events and related economic repercussions on the oil and gas industry and on demand for oil and gas; and
- the effects of future litigation.

Our forward-looking statements speak only as of the date they were made and, except as required by law, we undertake no obligation to update, amend or clarify any forward-looking statements because of new information, future events or other factors. All of our forward-looking information involves risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors and the timing of any of the risk factors identified in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report").

PART I

ITEM 1. FINANCIAL STATEMENTS

ProFrac Holding Corp.
Condensed Consolidated Balance Sheets
(in millions, except per share amounts or where otherwise noted)
(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25.5	$ 25.3
Accounts receivable, net	358.2	346.1
Accounts receivable — related party, net	12.8	6.8
Inventories	239.0	236.6
Prepaid expenses and other current assets	44.5	23.3
Total current assets	680.0	638.1
Property, plant, and equipment (net of accumulated depreciation of $1,263.2 and $1,010.2, respectively)	1,825.3	1,779.0
Operating lease right-of-use assets, net	127.1	87.2
Goodwill	302.1	325.9
Intangible assets, net	158.1	173.5
Investments ($23.4 at fair value at December 31, 2023)	7.5	28.9
Deferred tax assets	0.1	0.3
Other assets	35.6	37.8
Total assets	$ 3,135.8	$ 3,070.7
LIABILITIES, MEZZANINE EQUITY, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 356.3	$ 319.0
Accounts payable — related party	22.4	21.9
Accrued expenses	75.5	65.6
Current portion of long-term debt	171.9	126.4
Current portion of operating lease liabilities	19.5	24.5
Other current liabilities	62.2	84.1
Other current liabilities — related party	6.7	7.4
Total current liabilities	714.5	648.9
Long-term debt	986.7	923.5
Long-term debt — related party	14.6	18.6
Operating lease liabilities	113.4	67.8
Tax receivable agreement liability	68.1	68.1
Other liabilities	9.0	15.2
Total liabilities	1,906.3	1,742.1
Commitments and contingencies (NOTE 9)		
Mezzanine equity:		
Series A redeemable convertible preferred stock, $0.01 par value, 50 thousand shares authorized, issued and outstanding	62.3	58.7
Stockholders' equity:		
Preferred stock, $0.01 par value, 50.0 shares authorized, no shares issued and outstanding	—	—
Class A common stock, $0.01 par value, 600.0 shares authorized, 160.2 and 159.4 shares issued and outstanding, respectively	1.5	1.5
Class B common stock, $0.01 par value, 400.0 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	1,229.5	1,225.4
Accumulated deficit	(129.7)	(16.0)
Accumulated other comprehensive income	0.3	0.3
Total stockholders' equity attributable to ProFrac Holding Corp.	1,101.6	1,211.2
Noncontrolling interests	65.6	58.7
Total stockholders' equity	1,167.2	1,269.9
Total liabilities, mezzanine equity, and stockholders' equity	$ 3,135.8	$ 3,070.7

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ProFrac Holding Corp.
Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Services	$ 506.5	$ 485.4	$ 1,504.8	$ 1,879.8
Product sales	68.8	88.8	231.4	261.1
Total revenues	575.3	574.2	1,736.2	2,140.9
Operating costs and expenses:				
Cost of revenues, exclusive of depreciation, depletion and amortization	390.7	376.8	1,157.5	1,405.4
Selling, general, and administrative	51.9	52.7	156.6	186.0
Depreciation, depletion and amortization	112.7	111.5	328.9	330.7
Acquisition and integration costs	2.0	2.6	5.1	20.1
Goodwill impairment	6.8	—	74.5	—
Other operating expense, net	15.5	10.1	27.2	17.8
Total operating costs and expenses	579.6	553.7	1,749.8	1,960.0
Operating income (loss)	(4.3)	20.5	(13.6)	180.9
Other income (expense):				
Interest expense, net	(40.6)	(40.2)	(117.8)	(116.1)
Gain (loss) on extinguishment of debt	—	—	(0.8)	4.1
Other income (expense), net	(0.1)	(4.9)	1.2	(22.0)
Income (loss) before income taxes	(45.0)	(24.6)	(131.0)	46.9
Income tax benefit (expense)	1.5	6.7	24.9	(9.6)
Net income (loss)	(43.5)	(17.9)	(106.1)	37.3
Less: net (income) loss attributable to noncontrolling interests	(1.7)	(1.0)	(4.0)	4.7
Less: net income attributable to redeemable noncontrolling interests	—	—	—	(41.8)
Net income (loss) attributable to ProFrac Holding Corp.	$ (45.2)	$ (18.9)	$ (110.1)	$ 0.2
Net loss attributable to Class A common shareholders	$ (46.4)	$ (27.5)	$ (113.7)	$ (8.4)
Loss per Class A common share (basic and diluted)	$ (0.29)	$ (0.17)	$ (0.71)	$ (0.07)
Weighted average Class A common shares outstanding:				
Basic	160.1	159.4	159.9	121.3
Diluted	160.1	159.4	159.9	121.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ProFrac Holding Corp.
Condensed Consolidated Statement of Comprehensive Income
(in millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net income (loss)	$ (43.5)	$ (17.9)	$ (106.1)	$ 37.3
Other comprehensive income (loss):				
Foreign currency translation adjustments	(0.2)	—	0.2	(0.1)
Comprehensive income (loss)	(43.7)	(17.9)	(105.9)	37.2
Less: comprehensive (income) loss attributable to noncontrolling interest	(1.4)	(1.0)	(4.2)	4.7
Less: comprehensive income attributable to redeemable noncontrolling interest	—	—	—	(41.9)
Comprehensive income (loss) attributable to ProFrac Holding Corp.	$ (45.1)	$ (18.9)	$ (110.1)	$ 0.0

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ProFrac Holding Corp.
Condensed Consolidated Statements of Changes in Equity
(in millions)
(Unaudited)

	Class A Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2023	159.4	$ 1.5	$ 1,225.4	$ (16.0)	$ 0.3	$ 58.7	$ 1,269.9
Net income	—	—	—	1.8	—	1.2	3.0
Stock-based compensation	—	—	1.9	—	—	0.2	2.1
Tax withholding related to net share settlement of equity awards	—	—	(0.1)	—	—	—	(0.1)
Share issuance	0.2	—	—	—	—	—	—
Adjustment of Series A redeemable convertible preferred stock to redemption amount	—	—	—	(1.2)	—	—	(1.2)
Balance, March 31, 2024	159.6	$ 1.5	$ 1,227.2	$ (15.4)	$ 0.3	$ 60.1	$ 1,273.7
Net income (loss)	—	—	—	(66.7)	—	1.1	(65.6)
Stock-based compensation	—	—	2.8	—	—	0.1	2.9
Class A shares issued for vested stock awards	0.8	—	—	—	—	—	—
Tax withholding related to net share settlement of equity awards	(0.2)	—	(1.4)	—	—	—	(1.4)
Foreign currency translation adjustments	—	—	—	—	(0.1)	0.5	0.4
Adjustment of Series A redeemable convertible preferred stock to redemption amount	—	—	—	(1.2)	—	—	(1.2)
Noncontrolling interest of acquired business	—	—	—	—	—	2.2	2.2
Balance, June 30, 2024	160.2	$ 1.5	$ 1,228.6	$ (83.3)	$ 0.2	$ 64.0	$ 1,211.0
Net income (loss)	—	—	—	(45.2)	—	1.7	(43.5)
Stock-based compensation	—	—	0.9	—	—	0.2	1.1
Class A shares issued for vested stock awards	—	—	—	—	—	—	—
Tax withholding related to net share settlement of equity awards	—	—	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	0.1	(0.3)	(0.2)
Adjustment of Series A redeemable convertible preferred stock to redemption amount	—	—	—	(1.2)	—	—	(1.2)
Balance, September 30, 2024	160.2	$ 1.5	$ 1,229.5	$ (129.7)	$ 0.3	$ 65.6	$ 1,167.2

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ProFrac Holding Corp.
Condensed Consolidated Statements of Changes in Equity (continued)
(in millions)
(Unaudited)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	(Accumulated Deficit) Retained	Accumulated Other Comprehensive	Noncontrolling	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Interests	Equity
Balance, December 31, 2022	53.9	$ 0.5	104.2	$ 1.0	$ —	$ (1,185.9)	$ —	$ 72.2	(1,112.2)
Class A shares issued to acquire Producers	0.4	—	—	—	6.2	—	—	—	6.2
Class A shares issued to acquire Performance Proppants	0.3	—	—	—	3.4	—	—	—	3.4
Net income (loss)	—	—	—	—	—	22.0	—	(4.2)	17.8
Stock-based compensation	—	—	—	—	0.9	—	—	0.1	1.0
Stock-based compensation related to deemed contribution	—	—	—	—	3.5	—	—	—	3.5
Conversion of Flotek notes to equity	—	—	—	—	—	—	—	12.7	12.7
Foreign currency translation adjustments	—	—	—	—	—	—	0.1	0.1	0.2
Adjustment of redeemable noncontrolling interest to redemption amount	—	—	—	—	(9.2)	1,277.4	—	—	1,268.2
Balance, March 31, 2023	54.6	$ 0.5	104.2	$ 1.0	$ 4.8	$ 113.5	$ 0.1	$ 80.9	$ 200.8
Stock-based compensation	—	—	—	—	2.7	—	—	(0.4)	2.3
Stock-based compensation related to deemed contribution	—	—	—	—	6.8	—	—	—	6.8
Class A shares issued for vested equity awards	0.6	—	—	—	—	—	—	—	—
Tax withholding related to net share settlement of equity awards	—	—	—	—	(0.8)	—	—	—	(0.8)
Net loss	—	—	—	—	—	(2.9)	—	(1.5)	(4.4)
Foreign currency translation	—	—	—	—	—	—	(0.3)	(0.1)	(0.4)
Flotek common stock issued to satisfy convertible notes held by ProFrac Holdings Corp.	—	—	—	—	14.3	—	—	(14.3)	—
Adjustment of redeemable noncontrolling interest to redemption amount	—	—	—	—	(57.9)	—	—	—	(57.9)
Conversion of Class B common stock to Class A common stock	104.2	1.0	(104.2)	(1.0)	1,313.3	—	—	—	1,313.3
Additional paid-in capital related to tax receivable agreement	—	—	—	—	(58.6)	—	—	—	(58.6)
Deferred taxes related to conversion of Class B common stock to Class A common stock	—	—	—	—	(9.5)	—	—	—	(9.5)
Balance, June 30, 2023	159.4	$ 1.5	—	$ —	$ 1,215.1	$ 110.6	$ (0.2)	$ 64.6	$ 1,391.6
Net (loss) income	—	—	—	—	—	(24.5)	—	6.6	(17.9)
Stock-based compensation	—	—	—	—	2.0	—	—	0.3	2.3
Stock-based compensation related to deemed contribution	—	—	—	—	2.1	—	—	—	2.1
Deferred taxes related to Class B share conversion to Class A shares	—	—	—	—	0.3	—	—	—	0.3
Adjustment of Series A preferred stock to redemption amount	—	—	—	—	—	(8.6)	—	—	(8.6)
Balance, September 30, 2023	159.4	$ 1.5	—	$ —	$ 1,219.5	$ 77.5	$ (0.2)	$ 71.5	$ 1,369.8

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ProFrac Holding Corp.
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	$ (106.1)	$ 37.3
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	328.9	330.7
Amortization of acquired unfavorable contracts	(39.1)	(41.0)
Stock-based compensation	6.1	27.3
Gain on disposal of assets, net	(2.5)	(0.3)
Gain on insurance recoveries	(3.2)	—
Non-cash loss (gain) on extinguishment of debt	0.8	(4.1)
Amortization of debt issuance costs	11.2	18.8
Acquisition earnout adjustment	—	(6.6)
Unrealized loss on investments, net	0.9	24.1
Provision for supply commitment charges	9.6	—
Goodwill impairment	74.5	—
Deferred tax expense (benefit)	(25.4)	5.0
Other non-cash items, net	(0.1)	0.1
Changes in operating assets and liabilities:		
Accounts receivable	13.4	219.4
Inventories	26.7	(15.3)
Prepaid expenses and other assets	(15.0)	(5.3)
Accounts payable	24.3	(48.1)
Accrued expenses	7.0	6.0
Other liabilities	(21.2)	(37.2)
Net cash provided by operating activities	290.8	510.8
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(194.4)	(456.5)
Investment in property, plant & equipment	(191.8)	(233.9)
Proceeds from sale of assets	31.9	3.0
Proceeds from insurance recoveries	4.5	—
Other investments	(2.0)	—
Net cash used in investing activities	(351.8)	(687.4)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	136.4	334.7
Repayments of long-term debt	(110.0)	(103.9)
Borrowings from revolving credit agreements	1,580.4	1,219.9
Repayments of revolving credit agreements	(1,540.6)	(1,315.4)
Payment of debt issuance costs	(3.5)	(18.9)
Tax withholding related to net share settlement of equity awards	(1.5)	(0.8)
Proceeds from issuance of Series A preferred stock	—	50.0
Payment of Series A preferred stock issuance costs	—	(1.1)
Net cash provided by financing activities	61.2	164.5
Net increase (decrease) in cash, cash equivalents, and restricted cash	0.2	(12.1)
Cash, cash equivalents, and restricted cash beginning of period	25.3	37.9
Cash, cash equivalents, and restricted cash end of period	$ 25.5	$ 25.8
Non-cash investing and financing activities		
Capital expenditures included in accounts payable	$ 38.2	$ 42.2
Operating lease liabilities incurred from obtaining right-of-use assets	$ 55.7	$ 8.8
Finance lease liabilities incurred from obtaining property, plant & equipment	$ 9.9	$ 4.6

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

ProFrac Holding Corp. ("ProFrac Corp.") is a vertically integrated and innovation-driven energy services holding company providing hydraulic fracturing, proppant production, other completion services and other complementary products and services to leading upstream oil and natural gas companies engaged in the exploration and production ("E&P") of North American unconventional oil and natural gas resources.

ProFrac Corp. operates in three business segments: stimulation services, proppant production and manufacturing. Our stimulation services segment owns and operates a fleet of mobile hydraulic fracturing units and other auxiliary equipment that generates revenue by providing stimulation services to our customers. Our proppant production segment provides proppant to oilfield service providers and E&P companies. Our manufacturing segment sells highly engineered, tight tolerance machined, assembled, and factory tested products such as high horsepower pumps, valves, piping, swivels, large-bore manifold systems, and fluid ends.

Mr. Dan Wilks and Mr. Farris Wilks are brothers and are the founders and principal stockholders of the Company. Their sons, Mr. Matthew D. Wilks and Mr. Johnathan Ladd Wilks are the Company's Executive Chairman and Chief Executive Officer, respectively. In the normal course of business, we enter into transactions with related parties where Mr. Dan Wilks and Mr. Farris Wilks and entities owned by or affiliated with them (collectively, the "Wilks Parties") hold a controlling financial interest. Under Nasdaq rules and the Company's Related Party Transactions Policy, our Audit Committee is responsible for reviewing all related party transactions. Under the policy, potential related party transactions are subject to approval by the Audit Committee in advance or, in certain circumstances, ratification by the Audit Committee, in each case if such transactions satisfy the terms and conditions set forth in the policy. See "Note 13. Related Party Transactions" for further information.

Basis of Presentation

The unaudited condensed consolidated financial statements presented herein include the accounts of ProFrac Corp. and those of its subsidiaries that are wholly owned, controlled by it or a variable interest entity ("VIE") where it is the primary beneficiary. Unless the context requires otherwise, the use of the terms "Company," "we," "us," "our" or "ours" in these notes to the unaudited condensed consolidated financial statements refer to ProFrac Corp., together with its consolidated subsidiaries.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. We believe that the presentations and disclosures herein are adequate to make the information not misleading. The unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) for a fair statement of the interim periods. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in Item 8 "Financial Statements and Supplementary Data" of our Annual Report.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Concentrations of Risk

Our business activities are concentrated in the well completion services segment of the oilfield services industry in the United States. The market for these services is cyclical, and we depend on the willingness of our customers to make operating and capital expenditures to explore for, develop, and produce oil and natural gas in the United States. The willingness of our customers to undertake these activities depends largely upon prevailing industry conditions that are predominantly influenced by current and expected prices for oil and natural gas. Historically, a low commodity-price environment has caused our customers to significantly reduce their hydraulic fracturing activities and the prices they are willing to pay for those services. During such periods, these customer actions materially adversely affected our business, financial condition and results of operations.

(Amounts in millions, except per share amounts, or where otherwise noted)

Recently Issued Standards Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances the disclosures required for operating segments in the Company's annual and interim consolidated financial statements. This ASU is effective retrospectively for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures. This ASU provides for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. This ASU is effective for the Company prospectively to all annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our disclosures.

Reclassifications

Certain insurance and property taxes have been reclassified from selling, general and administrative expenses to cost of revenues in our unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2023. This reclassification had no effect on operating income or net income (loss) as previously reported.

2. SUPPLEMENTAL BALANCE SHEET INFORMATION

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash are recorded in our unaudited condensed consolidated balance sheet as follows:

	September 30, 2024	September 30, 2023
Cash and cash equivalents	$ 25.5	$ 25.1
Restricted cash included in prepaid expenses and other current assets	—	0.7
Total cash, cash equivalents, and restricted cash	$ 25.5	$ 25.8

Inventories

Inventories are comprised of the following:

	September 30, 2024	December 31, 2023
Raw materials and supplies	$ 70.8	$ 84.2
Work in process	17.4	20.5
Finished products and parts	150.8	131.9
Total	$ 239.0	$ 236.6

(Amounts in millions, except per share amounts, or where otherwise noted)

Accrued Expenses

Accrued expenses are comprised of the following:

	September 30, 2024	December 31, 2023
Employee compensation and benefits	$ 32.1	$ 22.6
Sales, use, and property taxes	24.2	24.0
Insurance	12.0	10.9
Interest	5.8	5.4
Income taxes	—	1.5
Other	1.4	1.2
Total accrued expenses	$ 75.5	$ 65.6

Other Current Liabilities

Other current liabilities are comprised of the following:

	September 30, 2024	December 31, 2023
Acquired unfavorable contracts	$ 17.1	$ 43.5
Accrued supply commitment charges	12.6	—
Munger make-whole liability	9.9	7.5
Accrued legal contingencies	7.1	20.7
Deferred revenue	2.4	7.3
Tax receivable agreement obligation	3.2	2.8
Other	9.9	2.3
Total other current liabilities	$ 62.2	$ 84.1

3. BUSINESS COMBINATIONS

Current Year Acquisitions

In April 2024, we acquired all of the remaining equity interests of Basin Production and Completion LLC ("BPC"). BPC is the parent company of FHE USA LLC, which manufactures equipment used in the hydraulic fracturing industry. This acquisition expanded our manufacturing capabilities into new product categories. The total purchase consideration was $39.8 million, consisting of cash consideration of $14.9 million and our pre-existing equity investment of $24.9 million. For the three and nine months ended September 30, 2024, our operating results include revenues of $5.4 million and $11.3 million, respectively, and pretax losses of $3.3 million and $4.8 million, respectively, related to the BPC acquired operations. BPC is included in our manufacturing reportable segment.

In June 2024, we acquired 100% of the issued and outstanding capital stock of Advanced Stimulation Technologies, Inc. ("AST"), a pressure pumping services provider serving the Permian Basin, for total purchase consideration of $174.0 million in cash. This acquisition expanded our hydraulic fracturing capabilities. For the three and six months ended June 30, 2024, our operating results include revenues of $15.0 million and pretax earnings of $0.1 million related to the AST acquired operations. Throughout the third quarter of 2024, we integrated AST's operations. As a result, we track all stimulation services assets as one group and it would be impracticable to separately report AST revenues or pretax earnings subsequent to June 30, 2024. AST is included in our stimulation services reportable segment.

In June 2024, we acquired 100% of the issued and outstanding common stock of NRG Manufacturing, Inc., which manufactures equipment used in the hydraulic fracturing industry, and its affiliate, AMI US Holdings, Inc., which develops commercial software used in hydraulic fracturing industry (collectively "NRG"), for total purchase consideration of $6.0 million in cash. This acquisition expanded our manufacturing and maintenance capabilities. Revenues and pretax earnings included in the Company's operating results related to the NRG acquired operations were immaterial for the three and nine months ended September 30, 2024. NRG is included in our manufacturing reportable segment.

(Amounts in millions, except per share amounts, or where otherwise noted)

The following table represents our preliminary allocation of total purchase consideration of AST, BPC and NRG to the identifiable assets acquired and liabilities assumed based on the fair values on their acquisition dates:

	AST	BPC	NRG
Cash and cash equivalents	$ —	$ 0.1	$ 0.4
Accounts receivable	26.0	4.2	1.2
Prepaid expenses and other assets	4.0	0.3	0.3
Operating lease assets	—	1.5	10.7
Inventories	13.1	12.2	3.9
Property, plant and equipment	158.4	39.8	2.0
Intangible assets	—	5.8	—
Total identifiable assets acquired	201.5	63.9	18.5
Accounts payable	13.9	5.5	1.5
Accrued expenses	2.9	0.3	—
Current portion of long-term debt	—	0.5	—
Current portion of operating lease liabilities	—	0.4	1.0
Other current liabilities	8.1	3.6	—
Non-current portion of debt	—	20.4	—
Deferred tax liability	25.6	—	—
Operating lease liabilities	—	1.2	10.0
Other liabilities	—	1.3	—
Total liabilities assumed	50.5	33.2	12.5
Noncontrolling interest	—	2.2	—
Goodwill	23.0	11.3	—
Total purchase consideration	$ 174.0	$ 39.8	$ 6.0

We generally used the cost approach to value acquired property, plant and equipment adjusted for the age, condition and utility of the associated assets. The market approach valuation technique was used for assets that had comparable market data available. The intangible assets related to the BPC acquisition represent customer relationships and a trade name. The fair value of the customer relationships was determined using the income approach, which is predicated upon the value of the future cash flows that these customers will generate over an estimated time period. The fair value of the trade name was determined using a relief from royalty methodology.

The amounts allocated to goodwill are attributable to the organized workforce and potential or expected synergies. We estimate that the goodwill acquired in the BPC acquisition will be deductible for income tax purposes.

The allocations of purchase price to the identifiable assets acquired and liabilities assumed for these acquisitions are preliminary and subject to revisions during the measurement period, up to one year from the date the acquisition closed. These determinations include the use of estimates based on information that was available at the time these unaudited condensed consolidated financial statements were prepared. We believe that the estimates used are reasonable; however, the estimates are subject to change as additional information becomes available.

Prior Year Acquisitions

On January 3, 2023, we acquired 100% of the issued and outstanding membership interests of Producers Service Holdings LLC (“Producers”), an employee-owned pressure pumping services provider serving Appalachia and the Mid-Continent, for a total purchase consideration of $36.5 million. We accounted for this acquisition as a business combination.

On February 24, 2023, we acquired 100% of the issued and outstanding membership interests in (i) Performance Proppants, LLC, (ii) Red River Land Holdings, LLC, (iii) Performance Royalty, LLC, (iv) Performance Proppants International, LLC, and (v) Sunny Point Aggregates, LLC (together, “Performance Proppants”) for a total purchase consideration of $462.8 million. We accounted for this acquisition as a business combination.

(Amounts in millions, except per share amounts, or where otherwise noted)

Pro Forma Disclosures

The following table reflects pro forma revenues and net income or loss for the three and nine months ended September 30, 2024 and 2023 as if our 2023 and 2024 acquisitions had taken place on January 1, 2022 and 2023, respectively. These unaudited pro forma amounts are not necessarily indicative of results that would have actually been obtained during the periods presented or that may be obtained in the future.

	Three Months Ended September 30,		For the Nine Months Ended September 30,	
(unaudited)	2024	2023	2024	2023
Revenues	$ 575.3	$ 689.1	$ 1,900.2	$ 2,528.3
Net income (loss)	$ (43.5)	$ (9.0)	$ (108.1)	$ 90.0

The changes in the carrying amount of goodwill by reportable segment were as follows:

	Stimulation Services	Proppant Production	Manufacturing	Other	Total
Balance, December 31, 2023	$ 169.7	$ 74.5	$ —	$ 81.7	$ 325.9
Adjustment	16.4	—	—	—	16.4
Impairment of goodwill	—	(74.5)	—	—	(74.5)
Acquisitions	16.7	—	9.5	—	26.2
Measurement period adjustments	6.3	—	1.8	—	8.1
Balance, September 30, 2024	$ 209.1	$ —	$ 11.3	$ 81.7	$ 302.1

The adjustment to goodwill in our stimulation services reportable segment was to correct an immaterial error for the three months ended March 31, 2024 related to the accounting for our acquisition of U.S. Well Services, which decreased property, plant, and equipment and increased goodwill.

The measurement period adjustment for the stimulation services segment included an adjustment to recognize an unfavorable purchase commitment and its related tax effects assumed in the AST acquisition. The measurement period adjustments for the manufacturing segment relate to updated values of other liabilities assumed in the acquisition of BPC.

Haynesville Proppant Goodwill Impairment

We perform our annual goodwill impairment test for each of our reporting units in the fourth quarter of each fiscal year. In addition to our annual impairment test, we also test goodwill for impairment between annual impairment dates whenever events or circumstances occur which could more likely than not reduce the fair value of one or more reporting units below its carrying value. In 2024, a decline in natural gas prices reduced our customers' activity levels in the Haynesville Shale, which is heavily concentrated with natural gas wells. This activity downturn significantly reduced the operating results of our Haynesville Proppant reporting unit. In the second quarter of 2024, we noted that our customers' activity levels were not expected to significantly recover in the short-term. The reduced operating results of our Haynesville Proppant reporting unit therefore resulted in a triggering event and, accordingly, we performed an interim quantitative impairment test in the second quarter of 2024. We did not identify a triggering event for our other reporting units.

In performing the interim quantitative impairment test, we determined the fair value of our Haynesville Proppant reporting unit using a combination of the income approach and the market approach. Under the income approach, the fair value for this reporting unit was determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. Due to the inherent uncertainties involved in making estimates and assumptions, actual results and discount rates may differ from those assumed in our forecasts.

Based upon the results of our interim quantitative impairment test, we concluded that the carrying value of the Haynesville Proppant reporting unit exceeded its estimated fair value, which resulted in a goodwill impairment charge of $67.7 million for the second quarter of 2024, which represented all of the goodwill recorded on the Haynesville Proppant reporting unit.

Permian Proppant and Eagle Ford Proppant Goodwill Impairments

In 2024, we experienced a decline in our operating results for our Permian Proppant reporting unit and our Eagle Ford Proppant reporting unit. In the third quarter of 2024, we noted that our operating results for these reporting units were not expected to significantly recover in the short-term. The reduced operating results for these reporting units resulted in triggering events and, accordingly, we performed interim quantitative impairment tests in the third quarter of 2024. We did not identify a triggering event for our other reporting units.

In performing the interim quantitative impairment tests, we determined the fair value of our Permian Proppant and Eagle Ford Proppant reporting units using a combination of the income approach and the market approach. Under the income approach, the fair values for these reporting units were determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. Due to the inherent uncertainties involved in making estimates and assumptions, actual results and discount rates may differ from those assumed in our forecasts.

Based upon the results of our interim quantitative impairment tests, we concluded that the carrying values of the Permian Proppant and Eagle Ford Proppant reporting units exceeded their estimated fair values, which resulted in goodwill impairment charges of $2.4 million and $4.4 million, respectively, for both the three and nine month periods ended September 30, 2024, which represented all of the goodwill recorded on these reporting units.

(Amounts in millions, except per share amounts, or where otherwise noted)

NOTE 4. DEBT

Debt is comprised of the following:

	September 30, 2024	December 31, 2023
ProFrac Holding Corp.:		
2029 Senior Notes	$ 596.2	$ 520.0
2022 ABL Credit Facility	163.0	117.4
Equify Notes (1)	14.6	18.6
Finance lease obligations	6.9	8.6
Other	12.4	10.2
ProFrac Holding Corp. principal amount	793.1	674.8
Less: unamortized debt discounts, premiums, and issuance costs	(16.1)	(17.4)
Less: current portion of long-term debt	(85.8)	(46.2)
ProFrac Holding Corp. long-term debt, net	691.2	611.2
Alpine Subsidiary:		
Alpine 2023 Term Loan	355.0	365.0
Monarch Note	21.9	54.7
Other	0.8	—
Finance lease obligations	8.7	2.1
Alpine principal amount	386.4	421.8
Less: unamortized debt discounts, premiums, and issuance costs	(16.0)	(22.0)
Less: current portion of long-term debt	(77.9)	(71.6)
Alpine long-term debt, net	292.5	328.2
Flotek Subsidiary:		
Flotek ABL credit facility	1.4	7.5
Flotek other	0.1	0.2
Flotek principal amount	1.5	7.7
Less: current portion of long-term debt	(1.5)	(7.6)
Flotek long-term debt, net	—	0.1
Other Subsidiaries:		
Revolving credit facility	5.3	—
Finance lease obligations	6.4	—
Other	13.0	3.6
Other subsidiaries principal amount	24.7	3.6
Less: unamortized debt discounts, premiums, and issuance costs	(0.4)	—
Less: current portion of long-term debt	(6.7)	(1.0)
Other subsidiaries long-term debt, net	17.6	2.6
Consolidated:		
Total principal amount	1,205.7	1,107.9
Less: unamortized debt discounts, premiums, and issuance costs	(32.5)	(39.4)
Less: current portion of long-term debt	(171.9)	(126.4)
Total long-term debt, net	$ 1,001.3	$ 942.1

(1) Related party debt agreements.

Senior Secured Notes Due 2029

In June 2024, ProFrac Holdings II, LLC, a Texas limited liability company and an indirect wholly-owned subsidiary of ProFrac Holding Corp., issued an additional $120 million aggregate principal amount of its 2029 Senior Notes at par to Beal Bank and Beal Bank USA in connection with our acquisition of AST. These notes were issued as additional notes pursuant to the original indenture as amended. These new notes and the notes previously issued under the indenture will be treated as a single series of securities under the indenture and the new notes will have substantially identical terms, other than the issue date, issue price and first payment date, as the existing notes and be secured by a security interest in the same collateral.

During the nine months ended September 30, 2024, we made principal payments of $43.8 million on our 2029 Senior Notes.

ABL Credit Facility

As of September 30, 2024, the maximum availability under the ABL Credit Facility was limited to our eligible borrowing base of $266.4 million with $163.0 million of borrowings outstanding and $14.7 million of letters of credit outstanding, resulting in approximately $88.7 million of remaining availability.

Monarch Note

During the nine months ended September 30, 2024, we made principal payments of $32.8 million on the Monarch Note.

Equify Note

During the nine months ended September 30, 2024, we made principal payments of $4.0 million on the Equify Notes.

Other Subsidiary Debt

In connection with our acquisition of BPC, we assumed debt related to a revolving credit facility of $5.0 million, finance lease obligations for real estate of $6.5 million, and a note payable for real estate of $9.4 million.

Debt Compliance

Both the 2029 Senior Notes and the ABL Credit Facility contain certain customary representations and warranties and affirmative and negative covenants. As of September 30, 2024, we were in compliance with these covenants and expect to be compliant for at least the next twelve months.

The Alpine 2023 Term Loan originally contained a covenant commencing with the fiscal quarter ending September 30, 2024, requiring Alpine not to exceed a maximum Total Net Leverage Ratio (as defined in the Alpine Term Loan Credit Agreement) of 2.00 to 1.00. This ratio is generally the consolidated total debt of Alpine divided by Alpine's adjusted EBITDA. In the second quarter of 2024, this covenant was amended to commence testing compliance with the Total Net Leverage Ratio with the fiscal quarter ending on September 30, 2025. As a result of Alpine’s lower than expected operating results in 2024, Alpine is closely monitoring its forthcoming compliance obligations with this covenant. While there can be no assurance, Alpine believes that it will be able to meet, modify, or further defer this debt covenant.

Restricted Assets

Our Alpine 2023 Term Loan requires us to segregate collateral associated with our Alpine subsidiary, which comprises our proppant production segment, and limits our ability to use Alpine's cash or assets to satisfy our obligations or the obligations of our other subsidiaries. We also have limited ability to provide Alpine with liquidity to satisfy its obligations. See “Note 12. Business Segments” for certain financial information for Alpine.

(Amounts in millions, except per share amounts, or where otherwise noted)

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

We believe that disaggregating our revenue by reportable segment in "Note 12. Business Segments" provides the information necessary to understand the nature, amount, timing and uncertainty of our revenues and cash flows.

Contract Balances with Customers

Our contract assets are included in “Accounts receivable” in our unaudited condensed consolidated balance sheets. Accounts receivable consist of invoiced amounts or amounts for which we have a right to invoice based on services completed or products delivered.

Our current and non-current contract liabilities are included in “Other current liabilities” and “Other liabilities,” respectively, in our unaudited condensed consolidated balance sheets. Our contract liabilities consist of deferred revenues from advance consideration received from customers related to future performance of service or delivery of products and off-market contract liabilities from unfavorable contracts recognized in connection with our business acquisitions in the Proppant Production segment.

In the accounting for prior business combinations, we recorded off-market contract liabilities. During the three and nine months ended September 30, 2024, we recorded amortization of $8.9 million and $36.1 million, respectively, related to these contract liabilities as revenue compared with $16.4 million and $41.0 million in the respective periods last year. As of September 30, 2024 and December 31, 2023, our off-market contract liabilities amounted to $15.0 million and $51.1 million, respectively. Estimated future amortization of off-market contract liabilities to revenue is $7.4 million for the remainder of 2024 and $7.6 million in 2025.

Performance Obligations

Certain of our Proppant Production contracts contain multiple performance obligations to provide a minimum quantity of proppant products to our customers in future periods. For these contracts, the transaction price is allocated to each performance obligation at estimated selling prices and we recognize revenue as we satisfy these performance obligations. As of September 30, 2024, the aggregate amount of transaction price allocated to unsatisfied performance obligations was $135.1 million, and we expect to perform these obligations and recognize revenue of $6.3 million for the remainder of 2024, $68.8 million in 2025, $45.0 million in 2026, and $15.0 million in 2027.

We have elected the practical expedient permitting the exclusion of disclosing the value of unsatisfied performance obligations for Stimulation Services and Manufacturing contracts as these contracts have original contract terms of one year or less or we have the right to invoice for services performed.

NOTE 6. OTHER OPERATING EXPENSE, NET

Other operating expense, net is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Litigation expenses and accruals for legal contingencies	$ 2.9	$ 10.3	$ 16.9	$ 23.5
Gain on insurance recoveries	—	—	(3.2)	—
Transaction costs	3.9	—	3.9	—
Severance charges	0.7	1.1	2.5	1.1
(Gain) loss on disposal of assets	(1.4)	(1.3)	(2.5)	(0.3)
Supply commitment charge	9.4	—	9.6	—
Acquisition earnout adjustments	—	—	—	(6.6)
Provision for credit losses, net of recoveries	—	—	—	0.1
Total	$ 15.5	$ 10.1	$ 27.2	$ 17.8

Litigation expenses and accruals for legal contingencies generally represent legal and professional fees incurred in litigation as well as estimates for loss contingencies with regards to certain vendor disputes and litigation matters. In the periods presented, substantially all of these costs represent litigation costs incurred in connection with certain patent infringement lawsuits with Halliburton, which were settled in September 2024. See "Note 9. Commitments and Contingencies" for a discussion of significant litigation matters.

Gain on insurance recoveries consists of insurance proceeds received for accidentally damaged or destroyed equipment in excess of its carrying value.

The transaction costs for the three and nine months ended September 30, 2024, represent deferred costs incurred for Alpine's initial public offering that were charged to earnings as a result of its postponement.

Severance charges for the three and nine months ended September 30, 2024 relate to the departure of certain highly-compensated employees.

(Gain) loss on disposal of assets, net consists of gains and losses on the sale of excess property, early equipment failures and other asset dispositions.

Supply commitment charges for the three and nine months ended September 30, 2024, represent charges related to contractual inventory purchase commitments to certain proppant suppliers. These charges were attributable to our decreased volume of purchases from these suppliers due to certain customers decreasing their activity levels. If future customer demand differs from our contracted supply, we may incur supply commitment charges in future periods.

The acquisition earnout adjustment for the nine months ended September 30, 2023 represents a decrease in the fair value of the contingent consideration related to our acquisition of REV Energy Holdings, LLC ("REV") in December 2022.

NOTE 7. INCOME TAXES

We record income taxes for interim periods based on an estimated annual effective tax rate. The estimated annual effective rate is recomputed on a quarterly basis and may fluctuate due to changes in forecasted annual operating income, positive or negative changes to the valuation allowance for net deferred tax assets and changes to actual or forecasted permanent book to tax differences. Our effective tax rate for the nine months ended September 30, 2024 was 19.0%, compared with 20.5% in the same period in 2023.

For the nine months ended September 30, 2024, our income tax provision included a discrete benefit of $25.6 million related to the release of a portion of the valuation allowance on our net deferred tax assets. This discrete item was caused by the assumption of a $25.6 million net deferred tax liability in our acquisition of AST, which made it more likely than not that we would be able to utilize a corresponding amount of our deferred tax assets. Excluding this discrete item, the difference between our effective tax rate and the federal statutory rate related to changes in the valuation allowance on our net deferred tax assets.

In 2023, the difference between our effective tax rate and the federal statutory rate related to changes in the valuation allowance on our net deferred tax assets and to the income that was earned within the financial statement consolidated group that is not subject to tax within the financial statement consolidated group.

(Amounts in millions, except per share amounts, or where otherwise noted)

NOTE 8. EARNINGS PER SHARE

The calculation of earnings per share ("EPS") for our Class A common stock is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income (loss) attributable to ProFrac Holding Corp.	$ (45.2)	$ (18.9)	$ (110.1)	$ 0.2
Adjust Series A redeemable convertible preferred stock to its maximum redemption value	(1.2)	(8.6)	(3.6)	(8.6)
Net income (loss) used for basic earnings per Class A common share	(46.4)	(27.5)	(113.7)	(8.4)
Net income reallocated to dilutive Class A common shares	—	—	—	—
Net income (loss) used for diluted earnings per Class A common share	$ (46.4)	$ (27.5)	$ (113.7)	$ (8.4)
Denominator:				
Weighted average Class A common shares	160.1	159.4	159.9	121.3
Dilutive potential of employee restricted stock units	—	—	—	—
Weighted average Class A common shares — diluted	160.1	159.4	159.9	121.3
Basic and diluted earnings per Class A common share	$ (0.29)	$ (0.17)	$ (0.71)	$ (0.07)
Antidilutive shares:				
Common stock equivalents related to Preferred Stock	2.7	2.5	2.6	2.5
Employee restricted stock units which are antidilutive due to net loss position	0.2	0.2	0.2	0.2
Total antidilutive shares	2.9	2.7	2.8	2.7

The dilutive potential of employee restricted stock units is calculated using the treasury stock method. The dilutive potential of our Series A redeemable convertible preferred stock, par value $0.01 per share (the "Preferred Stock") is calculated using the if-converted method.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of September 30, 2024, we had purchase commitments of $5.4 million in 2024 and $55.8 million in 2025 for minimum sand commitments and hydraulic fracturing equipment components.

Litigation

In the ordinary course of business, we are the subject of, or party to a number of pending or threatened legal actions and administrative proceedings. While many of these matters involve inherent uncertainty, we believe that, other than as described below, the amount of the liability, if any, ultimately incurred with respect to proceedings or claims will not have a material adverse effect on our consolidated financial position as a whole or on our liquidity, capital resources or future annual results of operations.

We estimate and provide for potential losses that may arise out of legal proceedings and claims to the extent that such losses are probable and can be reasonably estimated. Significant judgment is required in making these estimates and our final liabilities may ultimately be materially different from these estimates. When preparing our estimates, we consider, among other factors, the progress of each legal proceeding and claim, our experience and the experience of others in similar legal proceedings and claims, and the opinions and views of legal counsel. Legal costs related to litigation contingencies are expensed as incurred.

U.S. Well Services Inc. and U.S. Well Services, LLC (collectively, "USWS") v. Halliburton Company and Cimarex Energy Co. (collectively, "Halliburton")

In April 2021, USWS filed a patent infringement suit against Halliburton in United States District Court for the Western District of Texas Waco Division. In the suit, USWS alleged willful infringement of seven U.S. patents based on Halliburton's "All-Electric Fracturing Fleet." In August 2023, a jury returned a verdict in this case in favor of USWS, which Halliburton indicated it intended to appeal.

In June 2021, Halliburton filed *inter partes* review ("IPR") petitions against these USWS patents. In January 2023, the Patent Trial and Appeal Board ("PTAB") entered final written decisions finding certain claims of these patents invalid. In March 2023, USWS filed a notice of appeal of the final written decisions invalidating certain claims of three of these patents. In May 2023, the Western District of Texas ruled certain claims of five of the USWS patents are invalid.

In May 2022, Halliburton filed an amended answer to this patent infringement suit counterclaiming for declaratory judgment of invalidity of USWS' patents asserted against Halliburton in this matter and willful infringement of seven of Halliburton's U.S. patents based on USWS' clean fleets and conventional fleets. In June 2022, USWS filed IPR petitions against four of Halliburton's patents. In December 2022, the PTAB denied institution of IPR against these four patents.

In September 2024, we settled this lawsuit with Halliburton for a confidential amount and the financial effects of this matter have been included in our consolidated financial statements as of September 30, 2024.

Halliburton Energy Services, Inc., Halliburton US Technologies, Inc., and Halliburton Group Technologies, Inc. (collectively, "Halliburton") v. U.S. Well Services, LLC ("USWS")

In September 2022, Halliburton filed two patent infringement suits against USWS in United States District Court for the Western District of Texas Waco Division. In the first lawsuit, Halliburton alleged willful infringement of three of its previously asserted patents as well as five additional U.S. patents. In the second lawsuit, Halliburton alleged willful infringement of two of its previously asserted patents as well as five additional U.S. patents. Both lawsuits alleged infringement based on all of USWS and ProFrac LLC's fleets. The two lawsuits were scheduled together and set for trial in October 2024.

In January 2023, USWS filed amended answers to these patent infringement suits counterclaiming for declaratory judgment of invalidity of Halliburton's patents asserted against USWS in this matter and willful infringement of two additional USWS' U.S. patents based on Halliburton's "All-Electric Fracturing Fleet." In February 2023, Halliburton filed IPR petitions against these USWS patents. However, this case was stayed pending resolution of certain IPRs filed by USWS.

In September 2024, we settled this lawsuit with Halliburton for a confidential amount and the financial effects of this matter have been included in our consolidated financial statements as of September 30, 2024.

NOTE 10. VARIABLE INTEREST ENTITY

Through a contractual relationship, we have the power to appoint directors to the board of directors of Flotek Industries, Inc. ("Flotek"). Because we have this power through a contract and not through our direct equity interest in Flotek, Flotek meets the definition of a variable interest entity ("VIE"). Furthermore, we are the primary beneficiary of the VIE due to our ability to appoint four of seven directors to Flotek's board of directors. Accordingly, we have consolidated the operating results, assets and liabilities of Flotek. As of September 30, 2024, we owned approximately 50.6% of Flotek's outstanding common stock.

As of September 30, 2024 and December 31, 2023, $55.9 million and $62.7 million, respectively, of Flotek's assets and $51.9 million and $55.5 million, respectively, of Flotek's liabilities are included in our unaudited condensed consolidated balance sheets. These amounts are exclusive of goodwill and are after intercompany eliminations. The assets of Flotek can only be used to settle its obligations and the creditors of Flotek have no recourse to our assets. Our exposure to Flotek is generally limited to the carrying value of our equity and variable interest.

(Amounts in millions, except per share amounts, or where otherwise noted)

NOTE 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring Measurements

Our assets and liabilities measured at fair value on a recurring basis consist of the following:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
September 30, 2024:			
Liabilities — Munger make-whole provision	$ —	$ —	$ 9.9
December 31, 2023:			
Assets — Investment in BPC	$ —	$ —	$ 23.4
Liabilities — Munger make-whole provision	$ —	$ —	$ 7.5

Prior the acquisition of BPC, we elected the fair value option to account for our original investment in BPC due to the complexities of the terms of the equity investment. The significant unobservable inputs used in the fair value measurement, which was valued using the income approach and the market approach, are forecasted results and a weighted-average cost of capital. The fair value of this asset is classified as investments in our unaudited condensed consolidated balance sheets. The gains and losses from fair value changes are classified as other income (expense), net in our unaudited condensed consolidated statements of operations for periods prior to the acquisition.

The fair value of the Munger make-whole provision was estimated using a Black-Scholes model. The significant unobservable inputs used in the fair value measurement are the risk-free rate and volatility. The Munger make-whole provision is set to expire in May 2025.

The following is a reconciliation of our recurring Level 3 fair value measurements:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net asset (liability) balance at beginning of period	$ (8.8)	$ 34.5	$ 15.9	$ 46.6
Change in fair value of Level 3 fair value measurements	(1.1)	(5.5)	(0.9)	(17.6)
Transfer of investment in BPC to acquisition purchase consideration	—	—	(24.9)	—
Net asset (liability) balance at end of period	$ (9.9)	$ 29.0	$ (9.9)	$ 29.0

(Amounts in millions, except per share amounts, or where otherwise noted)

Financial Instruments

The estimated fair values of our financial instruments have been determined at discrete points in time based on relevant market information. Our financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, certain investments, accounts payable, accrued expenses and long-term debt. The carrying amounts of our financial instruments other than long-term debt approximate fair value because of the short-term nature of the items.

The carrying amounts of our term loan facility and ABL Credit Facility approximate fair value due to the variable interest rate. The fair value of our fixed rate debt, which includes the Monarch note and the Equify note was as follows:

	September 30, 2024	December 31, 2023
Carrying amount of fixed rate debt	$ 38.7	$ 74.7
Fair value of fixed rate debt	$ 38.7	$ 74.3

NOTE 12. BUSINESS SEGMENTS

We manage our business segments primarily on the type of product or services provided. We have three reportable segments which we operate within the United States of America: stimulation services, proppant production and manufacturing. Amounts in the other category reflect our business activities that are not separately reportable, which primarily includes Flotek for the periods presented.

Intersegment transactions are intended to be at estimated market prices. Intersegment revenues for the proppant production segment were 24% and 26% for the three and nine months ended September 30, 2024, compared with 29% and 31%, respectively, in the same periods last year. Intersegment revenues for the manufacturing segment were 80% and 77% for the three and nine months ended September 30, 2024, compared with 97% and 91%, respectively, in the same periods last year.

Revenues from external customers for the stimulation services segment are classified as service revenue on our unaudited condensed consolidated statements of operations. Revenues from external customers for the proppant production segment, the manufacturing segment, and our other business activities represent product sales for these businesses and are classified as such on our unaudited condensed consolidated statements of operations.

(Amounts in millions, except per share amounts, or where otherwise noted)

Summarized financial information for our reportable segments is as follows:

	Stimulation Services	Proppant Production	Manufacturing	Other	Eliminations	Total
Three Months Ended September 30, 2024:						
Revenue						
External customers — services	$ 506.5	$ —	$ —	$ —	$ —	$ 506.5
External customers — product sales (1)	—	40.1	12.2	16.5	—	68.8
Intercompany (2)	0.6	12.7	49.3	34.8	(97.4)	—
Total Revenue	$ 507.1	$ 52.8	$ 61.5	$ 51.3	$ (97.4)	$ 575.3
Adjusted EBITDA (3) (4)	$ 112.6	$ 17.3	$ 0.1	$ 4.8	$ —	$ 134.8
Depreciation, depletion and amortization	88.0	19.6	4.4	0.7	—	112.7
Investment in property, plant & equipment	61.3	8.1	0.3	0.3	—	70.0
Three Months Ended September 30, 2023:						
Revenue						
External customers — services	$ 485.4	$ —	$ —	$ —	$ —	$ 485.4
External customers — product sales (1)	—	69.5	1.5	17.8	—	88.8
Intercompany (2)	4.1	28.9	42.3	30.8	(106.1)	—
Total Revenue	$ 489.5	$ 98.4	$ 43.8	$ 48.6	$ (106.1)	$ 574.2
Adjusted EBITDA (3) (4)	$ 93.3	$ 51.6	$ 1.6	$ 2.8	$ —	$ 149.3
Depreciation, depletion and amortization	89.2	20.2	1.4	0.7	—	111.5
Investment in property, plant & equipment	40.6	9.3	2.4	0.3	—	52.6
As of September 30, 2024:						
Cash and cash equivalents	$ 6.7	$ 11.9	$ 1.9	$ 5.0	$ —	$ 25.5
Total current assets	532.5	107.3	239.8	79.8	(279.4)	680.0
Property, plant, and equipment, net	892.6	831.7	86.4	16.0	(1.4)	1,825.3
Total assets	2,962.2	980.0	461.1	194.5	(1,462.0)	3,135.8
Current portion of long-term debt	85.8	77.9	6.7	1.5	—	171.9
Long-term debt	691.2	292.5	17.6	—	—	1,001.3
Total liabilities	1,873.7	157.1	378.3	51.9	(554.7)	1,906.3

(Amounts in millions, except per share amounts, or where otherwise noted)

	Stimulation Services	Proppant Production	Manufacturing	Other	Eliminations	Total
Nine Months Ended September 30, 2024:						
Revenue						
External customers — services	$ 1,504.8	$ —	$ —	$ —	$ —	$ 1,504.8
External customers — product sales (1)	—	147.1	36.4	47.9	—	231.4
Intercompany (2)	25.2	52.9	124.5	92.7	(295.3)	—
Total Revenue	$ 1,530.0	$ 200.0	$ 160.9	$ 140.6	$ (295.3)	$ 1,736.2
Adjusted EBITDA (3) (4)	$ 345.1	$ 71.4	$ 4.6	$ 12.8	$ (3.6)	$ 430.3
Depreciation, depletion and amortization	258.5	59.2	9.3	2.2	(0.3)	328.9
Investment in property, plant & equipment	164.0	19.4	7.9	0.5	—	191.8
Nine Months Ended September 30, 2023:						
Revenue						
External customers — services	$ 1,879.8	$ —	$ —	$ —	$ —	$ 1,879.8
External customers — product sales (1)	—	200.7	13.2	47.2	—	261.1
Intercompany (2)	8.1	89.7	128.8	102.3	(328.9)	—
Total Revenue	$ 1,887.9	$ 290.4	$ 142.0	$ 149.5	$ (328.9)	$ 2,140.9
Adjusted EBITDA (3) (4)	$ 421.9	$ 150.7	$ 12.7	$ (6.4)	$ —	$ 578.9
Depreciation, depletion and amortization	275.2	49.9	3.3	2.3	—	330.7
Investment in property, plant & equipment	190.7	39.7	2.9	0.6	—	233.9
As of December 31, 2023:						
Cash and cash equivalents	$ 1.3	$ 17.7	$ 0.4	$ 5.9	$ —	$ 25.3
Total current assets	445.8	181.2	164.7	70.6	(224.2)	638.1
Property, plant, and equipment, net	881.6	859.8	19.8	17.8	—	1,779.0
Total assets (5)	2,483.9	1,160.1	243.9	188.7	(1,005.9)	3,070.7
Current portion of long-term debt	46.2	71.6	1.0	7.6	—	126.4
Long-term debt	611.2	328.2	2.6	0.1	—	942.1
Total liabilities	1,404.5	225.7	201.5	55.5	(145.1)	1,742.1

(1) Our proppant production segment recognized noncash revenue associated with acquired contract liabilities of $8.9 million and $16.4 million for the three months ended September 30, 2024 and 2023, respectively, and $36.1 million and $41.0 million for the nine months ended September 30, 2024 and 2023, respectively. Refer to Item 8 "Financial Statements and Supplementary Data" in our Annual Report for information about our acquired contract liabilities.

(2) In our other business activities, Flotek recorded revenue of $6.7 million and $8.0 million for the three months ended September 30, 2024 and 2023, respectively, and $23.8 million and $10.0 million for the nine months ended September 30, 2024 and 2023, respectively, related to contract shortfalls because the stimulation services segment did not purchase the minimum contractual commitment of chemistry products from Flotek.

(3) We evaluate the performance of our segments based on Adjusted EBITDA. We define Adjusted EBITDA as our net income (loss) before (i) interest expense, net, (ii) income taxes, (iii) depreciation, depletion and amortization, (iv) (loss) gain on disposal of assets, net, (v) stock-based compensation, and (vi) other charges, such as certain credit losses, gain (loss) on extinguishment of debt, gain (loss) on investments, acquisition and integration expenses, litigation expenses and accruals for legal contingencies, acquisition earnout adjustments, severance charges, goodwill impairments, gains on insurance recoveries, transaction costs, third-party supply commitment charges, and impairments of long-lived assets.

(Amounts in millions, except per share amounts, or where otherwise noted)

(4) Adjusted EBITDA for the stimulation services segment included an intercompany supply commitment charge of $6.7 million and $8.0 million for the three months ended September 30, 2024 and 2023, respectively, and $23.8 million and $10.0 million for the nine months ended September 30, 2024 and 2023, respectively, because this segment did not purchase the minimum contractual commitment of chemistry products from Flotek.

(5) Total assets for the stimulation services segment includes our investment in BPC prior to acquisition, which was $23.4 million as of December 31, 2023. The gains and losses associated with this investment are not included in our segment profit measure of adjusted EBITDA.

The following table reconciles Adjusted EBITDA for our reportable segments to net income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjusted EBITDA of reportable segments	$ 134.8	$ 149.3	$ 430.3	$ 578.9
Interest expense, net	(40.6)	(40.2)	(117.8)	(116.1)
Depreciation, depletion and amortization	(112.7)	(111.5)	(328.9)	(330.7)
Income tax benefit (expense)	1.5	6.7	24.9	(9.6)
Loss on disposal of assets, net	1.4	1.3	2.5	0.3
Gain (loss) on extinguishment of debt	—	—	(0.8)	4.1
Acquisition earnout adjustment	—	—	—	6.6
Stock-based compensation	(1.1)	(2.3)	(6.1)	(7.6)
Stock-based compensation related to deemed contributions	—	(2.1)	—	(19.7)
Provision for credit losses, net of recoveries	—	—	—	(0.1)
Transaction costs	(3.9)	—	(3.9)	—
Severance charges	(0.7)	(1.1)	(2.5)	(1.1)
Acquisition and integration costs	(2.0)	(2.6)	(5.1)	(20.1)
Supply commitment charges	(9.4)	—	(9.6)	—
Impairment of goodwill	(6.8)	—	(74.5)	—
Gain on insurance recoveries	—	—	3.2	—
Litigation expenses and accruals for legal contingencies	(2.9)	(10.3)	(16.9)	(23.5)
Unrealized loss on investments, net	(1.1)	(5.1)	(0.9)	(24.1)
Net income (loss)	$ (43.5)	$ (17.9)	$ (106.1)	$ 37.3

NOTE 13. RELATED PARTY TRANSACTIONS

In the normal course of business, we have entered into transactions with related parties where the Wilks Parties hold a controlling financial interest. For the three and nine months ended September 30, 2024 and 2023, the Company had related party transactions with the following related party entities:

- Automatize, LLC (“Automatize”) is a logistics broker that facilitates the last-mile delivery of proppants on behalf of its customers, including the Company. Amounts paid to Automatize include costs passed through to third-party trucking companies and a commission retained by Automatize. These payments are recorded in cost of revenues, exclusive of depreciation and depletion in our unaudited condensed consolidated statements of operations.

- Cisco Logistics, LLC (“Cisco Logistics”) is a logistics company that delivers sand and equipment on behalf of its customers, including the Company. Amounts paid to Cisco Logistics are recorded in cost of revenues, exclusive of depreciation and depletion in our unaudited condensed consolidated statements of operations.

- Equify Financial, LLC (“Equify Financial”) is a finance company that provides equipment and other financing to its customers, including the Company. Amounts paid to Equify Financial are recorded in interest expense in our unaudited condensed consolidated statements of operations and repayments of long-term debt in our unaudited condensed consolidated statements of cash flows.

- Wilks Brothers, LLC (“Wilks Brothers”) is a management company which provides administrative support to various businesses within its portfolio. Wilks Brothers and certain entities under its control will at times incur expenses on our behalf, billing us for these expenses at cost as well as certain management fees. Amounts paid to Wilks Brothers are generally recorded in selling, general and administrative expenses in our unaudited condensed consolidated statements of operations.

- Interstate Explorations, LLC (“Interstate”) is an exploration and development company for which we perform pressure pumping services.

- Flying A Pump Services, LLC (“Flying A”) is an oilfield services company which provides pressure pumping, acid and cementing services, to which we rent and sell equipment and frac fleet components.

- MC Estates, LLC, The Shops at Willow Park, and FTSI Industrial, LLC (collectively, the “Related Lessors”) own various industrial parks and office space leased by us. Amounts paid to the Related Lessors are recorded in selling, general and administrative expenses in our unaudited condensed consolidated statements of operations.

- Wilks Construction Company, LLC (“Wilks Construction”) is a construction company that has built and made renovations to several buildings for us. Amounts paid to Wilks Construction are recorded as capital expenditures in our unaudited condensed consolidated statements of cash flows.

- 3 Twenty-Three, LLC (“3 Twenty-Three”) is a payroll administrator which performs payroll services on behalf of its customers, including us. Amounts paid to 3 Twenty-Three are recorded in cost of revenues, exclusive of depreciation and depletion and selling, general and administrative expenses in our unaudited condensed consolidated statements of operations.

- Wilks Earthworks, LLC ("Wilks Earthworks") is an oilfield services company that provides mining, wet and dry loading, hauling and other services and equipment to its customers, including us. These payments are recorded in cost of revenues, exclusive of depreciation and depletion, in our unaudited condensed consolidated statements of operations.

- Carbo Ceramics Inc. (“Carbo”) is a provider of ceramic proppant which will at times purchase conventional proppant from us to act as a broker for its customers. Additionally, we will at times purchase manufactured proppant from Carbo for the stimulation services segment.

- Cisco Aero, LLC ("AERO") is a private aviation company. Amounts paid to AERO are recorded as selling, general and administrative expenses in our unaudited condensed consolidated statements of operations.

- FHE USA LLC (“FHE”) is a subsidiary of BPC that provides production and well completion equipment used at the wellsite. Amounts paid to FHE are recorded as capital expenditures in our unaudited condensed consolidated statements of cash flows. With the acquisition of BPC, any transactions between our subsidiaries and FHE subsequent to the acquisition have been eliminated.

(Amounts in millions, except per share amounts, or where otherwise noted)

The following table summarizes revenue from related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Flying A	$ 4.5	$ 30.6	$ 16.2	$ 34.8
Carbo	—	—	—	0.7
Total	$ 4.5	$ 30.6	$ 16.2	$ 35.5

The following table summarizes expenditures with related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Automatize	$ 29.3	$ 28.0	$ 71.0	$ 117.8
FHE	—	2.0	—	3.0
Wilks Brothers	2.0	2.1	6.7	14.3
Related Lessors	5.1	3.3	11.4	10.2
Wilks Construction	—	—	—	6.8
Wilks Earthworks	2.0	1.7	8.1	6.5
Equify Financial	1.3	2.2	6.0	6.6
Cisco Aero	0.1	—	2.3	—
3 Twenty-Three	—	—	—	1.3
Carbo	0.5	—	1.0	1.0
Total	$ 40.3	$ 39.3	$ 106.5	$ 167.5

The following table summarizes accounts receivable–related party:

	September 30, 2024	December 31, 2023
Flying A	$ 12.3	$ 5.9
Carbo	0.2	0.5
Interstate	0.3	0.4
Total accounts receivable — related party	$ 12.8	$ 6.8

The following table summarizes accounts payable–related party:

	September 30, 2024	December 31, 2023
Automatize	$ 17.0	$ 11.6
Wilks Brothers	3.4	7.8
Wilks Earthworks	1.2	1.1
Related Lessors	0.1	0.1
Equify	—	0.3
Cisco Aero	0.5	—
Carbo	0.2	1.0
Total accounts payable — related party	$ 22.4	$ 21.9

In June 2023, we arranged to sell certain surplus equipment and inventory components and to assign certain pre-orders for equipment to Flying A, at prices which we believe to be fair market value, for a total consideration of $36.3 million. We received the proceeds from this transaction in June 2023. Subsequent to June 30, 2023, Flying A requested changes to the mix of the assets being sold to it by the Company without altering the total consideration, and the Company and Flying A agreed to add to the transaction agreement a most favored nation clause on pricing and a condition to closing that the Company's Audit Committee approve the final mix of assets to be transferred to Flying A. We delivered $28.9 million of these components to Flying A in 2023. In January 2024, we agreed to sell $8.4 million of additional equipment to Flying A under similar terms. We received the proceeds from this additional transaction in January 2024. We delivered $9.1 million of product to Flying A in the nine months ended September 30, 2024. We expect to deliver all remaining product to Flying A in

2024. We accounted for the unapplied proceeds from these transactions as related party deposits presented as "Other current liabilities - related party" in our unaudited condensed consolidated balance sheets.

Immediately subsequent to the AST acquisition, AST conveyed to the Wilks Parties substantially all of AST's owned real property in exchange for cash consideration of approximately $23 million. We now lease such real property from the Wilks Party in exchange for aggregate monthly lease payments totaling $30.2 million through May 2034. The cash consideration received was equal to the carrying value of these assets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto included in this Quarterly Report, as well as our Annual Report.

OVERVIEW

We are a vertically integrated and innovation-driven energy services holding company providing hydraulic fracturing, proppant production, other completion services and other complementary products and services to leading upstream oil and natural gas companies engaged in the exploration and production ("E&P") of North American unconventional oil and natural gas resources.

We operate in three reportable business segments: stimulation services, proppant production and manufacturing. Our stimulation services segment, which primarily relates to ProFrac LLC, owns and operates a fleet of mobile hydraulic fracturing units and other auxiliary equipment that generates revenue by providing stimulation services to our customers. Our proppant production segment, which primarily relates to Alpine, provides proppant to oilfield service providers and E&P companies. Our manufacturing segment sells products such as high horsepower pumps, valves, piping, swivels, large-bore manifold systems, and fluid ends.

Summary Financial Results

- Total revenue for the three and nine months ended September 30, 2024, was $575.3 million and $1,736.2 million, respectively, which represented an increase of $1.1 million and a decrease of $404.7 million from the same periods in 2023.

- Net loss attributable to ProFrac Holding Corp. for the three and nine months ended September 30, 2024, was $45.2 million and $110.1 million, respectively, which represented decreases of $26.3 million and $110.3 million from the same periods in 2023. The net losses for the three and nine months ended September 30, 2024 included pretax goodwill impairment charges of $6.8 million and $74.5 million, respectively.

- Cash provided by operating activities for the nine months ended September 30, 2024, was $290.8 million, a decrease of $220.0 million from the same period in 2023.

- Total principal amount of long-term debt was $1,205.7 million at September 30, 2024, an increase of $97.8 million from December 31, 2023.

2024 Developments

- In April 2024, we acquired all of the remaining equity interests of BPC. BPC is the parent company of FHE, which manufactures equipment used in the hydraulic fracturing industry. The total purchase consideration was $39.8 million, consisting of cash consideration of $14.9 million and our pre-existing investment of $24.9 million.
- In June 2024, we acquired 100% of the issued and outstanding capital stock of AST, a pressure pumping services provider serving the Permian Basin, for total purchase consideration of $174.0 million in cash.
- In June 2024, we acquired 100% of the issued and outstanding common stock of NRG for total purchase consideration of $6.0 million in cash.

RESULTS OF OPERATIONS

Revenues

Revenues by reportable segment are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues				
Stimulation services	$ 507.1	$ 489.5	$ 1,530.0	$ 1,887.9
Proppant production	52.8	98.4	200.0	290.4
Manufacturing	61.5	43.8	160.9	142.0
Other	51.3	48.6	140.6	149.5
Eliminations	(97.4)	(106.1)	(295.3)	(328.9)
Total revenues	$ 575.3	$ 574.2	$ 1,736.2	$ 2,140.9

Stimulation Services. Stimulation services revenues for the three months ended September 30, 2024 increased $17.6 million, or 4%, from the same period in 2023. This increase was primarily attributable to an increase in average fleets and higher fleet utilization. Additionally, the acquisition of AST contributed revenue starting in June 2024. This increase was partially offset by lower average pricing for our services and an increase in the portion of customers who provided their own proppant and chemistry. Stimulation services revenues for the nine months ended September 30, 2024 decreased $357.9 million, or 19%, from the same period in 2023. This decrease was primarily attributable to a lower number of average active fleets in 2024, lower average pricing for our services, and an increase in the portion of customers who provided their own proppant and chemistry. These decreases were partially offset by increased utilization of our active fleets in 2024.

Proppant Production. Proppant production revenues for the three and nine months ended September 30, 2024 decreased $45.6 million and $90.4 million, or 46% and 31%, respectively, from the same periods in 2023. These decreases were attributable to lower average prices for products sold and a reduction in volumes sold. Additionally, the acquisition of Performance Proppants contributed revenue starting in February 2023. Revenue recognized for the amortization of acquired off-market contracts for the three and nine months ended September 30, 2024 was $8.9 million and $36.1 million, respectively, compared to $16.4 million and $41.0 million, respectively, in the same periods in 2023. Refer to Item 8 "Financial Statements and Supplementary Data" in our Annual Report for information about our acquired contract liabilities. During the three and nine months ended September 30, 2024, approximately 24% and 26%, respectively, of the Proppant Production segment's revenues were intercompany, compared with 29% and 31% in the same periods in 2023.

Manufacturing. Manufacturing revenues for the three and nine months ended September 30, 2024 increased by $17.7 million and $18.9 million, or 40% and 13%, respectively, from the same periods in 2023. This increase was attributable to higher intercompany demand for manufacturing products in the third quarter of 2024. Additionally, the acquisition of BPC and NRG contributed revenue starting in April 2024 and June 2024, respectively. During the three and nine months ended September 30, 2024, approximately 80% and 77%, respectively, of the Manufacturing segment's revenues were intercompany, compared with 97% and 91% in the same periods in 2023.

Other. Other revenues for the three months ended September 30, 2024 increased by $2.7 million from the same period in 2023. This increase was primarily attributable to higher intercompany revenue at Flotek, which was partially offset by decreased revenue from external customers. Other revenues for the nine months ended September 30, 2024 decreased by $8.9 million from the same period in 2023. This decrease was primarily attributable to lower intercompany revenue at Flotek. Flotek recorded contract shortfall revenue of $6.7 million and $8.0 million for the three months ended September 30, 2024 and 2023, respectively, and $23.8 million and $10.0 million for the nine months ended September 30, 2024 and 2023, respectively, because ProFrac LLC did not purchase the minimum contractual commitment of chemistry products from Flotek. During the three and nine months ended September 30, 2024, approximately 68% and 66%, respectively, of other revenues were intercompany, compared with 63% and 68% in the same periods in 2023.

Cost of Revenues

Cost of revenues by reportable segment is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of revenues, exclusive of depreciation, depletion, and amortization:				
Stimulation services	$ 361.6	$ 362.2	$ 1,092.4	$ 1,354.9
Proppant production	31.3	42.6	110.4	128.2
Manufacturing	54.4	38.8	137.2	117.7
Other	41.0	39.4	109.7	133.7
Eliminations	(97.6)	(106.2)	(292.2)	(329.1)
Total cost of revenues, exclusive of depreciation, depletion, and amortization	$ 390.7	$ 376.8	$ 1,157.5	$ 1,405.4

Stimulation Services. Stimulation services cost of revenues for the three months ended September 30, 2024 was consistent with the same period in 2023. Stimulation services cost of revenues for the nine months ended September 30, 2024 decreased by $262.5 million, or 19%, from the same period in 2023. This decrease was primarily attributable to a decrease in average active fleets and decreased volume of proppant and chemistry in 2024. Cost of revenues for this segment included intercompany supply commitment charges of $6.7 million and $8.0 million for the three months ended September 30, 2024 and 2023, respectively, and $23.8 million and $10.0 million for the nine months ended September 30, 2024 and 2023, respectively, because ProFrac LLC did not purchase the minimum contractual commitment of chemistry products from Flotek.

Proppant Production. Proppant production cost of revenues for the three and nine months ended September 30, 2024 decreased by $11.3 million and $17.8 million, or 27% and 14%, respectively, from the same periods in 2023. This reduction was primarily attributable to lower volumes sold in 2024. Additionally, the acquisition of Performance Proppants contributed costs beginning in February 2023.

Manufacturing. Manufacturing cost of revenues for the three and nine months ended September 30, 2024 increased by $15.6 million and $19.5 million, or 40% and 17%, respectively, from the same period in 2023. This increase was primarily attributable to higher volumes of products sold to intercompany and third-party customers in 2024. Additionally, the acquisition of BPC and NRG contributed costs beginning in April 2024 and June 2024, respectively.

Other. Other cost of revenues for the three months ended September 30, 2024 increased by $1.6 million, or 4%, from the same period in 2023. Other cost of revenues for the nine months ended September 30, 2024 decreased by $24.0 million, or 18%, from the same period in 2023. These decreases were primarily attributable to decreased product sales and lower freight costs.

Selling, General and Administrative

Selling, general and administrative expenses are comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Selling, general and administrative:				
Selling, general and administrative, excluding stock-based compensation	$ 50.9	$ 48.3	$ 150.6	$ 158.7
Stock-based compensation related to deemed contributions	—	2.1	—	19.7
Stock-based compensation	1.0	2.3	6.0	7.6
Total selling, general and administrative	$ 51.9	$ 52.7	$ 156.6	$ 186.0

Selling, general and administrative expenses, excluding stock-based compensation for the three months ended September 30, 2024 increased $2.6 million, or 5%, from the same period in 2023. Selling, general and administrative expenses, excluding stock-based compensation for the nine months ended September 30, 2024 decreased $8.1 million, or 5%, from the same period in 2023.

Depreciation, Depletion, and Amortization

Depreciation, depletion, and amortization for the three and nine months ended September 30, 2024 was $112.7 million and $328.9 million, respectively, which was consistent with $111.5 million and $330.7 million in the same periods in 2023.

Acquisition and Integration Costs

Acquisition and integration costs primarily relate to professional fees, severance and other costs associated with our acquisition and integration activities. For the three and nine months ended September 30, 2024, these costs were $2.0 million and $5.1 million, respectively, compared with $2.6 million and $20.1 million in the same periods in 2023.

Goodwill Impairment

In 2024, a decline in natural gas prices reduced our customers' activity levels in the Haynesville basin, which is heavily concentrated with natural gas wells. This activity downturn has significantly reduced the operating results of our Haynesville Proppant reporting unit. In the second quarter of 2024, we noted that our customers' activity levels were not expected to significantly recover in the short-term. The reduced operating results of our Haynesville Proppant reporting unit therefore resulted in a triggering event and, accordingly, we performed an interim quantitative impairment test in the second quarter of 2024. Based upon the results of our interim quantitative impairment test, we concluded that the carrying value of the Haynesville Proppant reporting unit exceeded its estimated fair value, which resulted in a goodwill impairment charge of $67.7 million for the three months ended September 30, 2024. This goodwill impairment charge represented all of the goodwill recorded on the Haynesville Proppant reporting unit. If overall market conditions deteriorate, or if we are unable to achieve our forecasted results, future non-cash impairment charges may result in other reporting units which could be material.

In 2024, we experienced a decline in our operating results for our Permian Proppant reporting unit and our Eagle Ford Proppant reporting unit. In the third quarter of 2024, we noted that our operating results for these reporting units were not expected to significantly recover in the short-term. The reduced operating results for these reporting units resulted in triggering events and, accordingly, we performed interim quantitative impairment tests in the third quarter of 2024. Based upon the results of our interim quantitative impairment tests, we concluded that the carrying values of the Permian Proppant and Eagle Ford Proppant reporting units exceeded their estimated fair values, which resulted in goodwill impairment charges of $2.4 million and $4.4 million, respectively, for the three and nine months ended September 30, 2024, which represented all of the goodwill recorded on these reporting units.

Other Operating Expense, Net

The following table summarizes our other operating expenses, net:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Litigation expenses and accruals for legal contingencies	$ 2.9	$ 10.3	$ 16.9	$ 23.5
Gain on insurance recoveries	—	—	(3.2)	—
Transaction costs	3.9	—	3.9	—
Severance charges	0.7	1.1	2.5	1.1
(Gain) loss on disposal of assets	(1.4)	(1.3)	(2.5)	(0.3)
Supply commitment charge	9.4	—	9.6	—
Acquisition earnout adjustments	—	—	—	(6.6)
Provision for credit losses, net of recoveries	—	—	—	0.1
Total	$ 15.5	$ 10.1	$ 27.2	$ 17.8

Litigation expenses and accruals for legal contingencies generally represent legal and professional fees incurred in litigation as well as estimates for loss contingencies with regards to certain vendor disputes and litigation matters. In the periods presented, substantially all of these costs represent litigation costs incurred in connection with certain patent infringement lawsuits with Halliburton, which were settled in September 2024. See "Note 9. Commitments and Contingencies" for a discussion of significant litigation matters.

Gain on insurance recoveries consists of insurance proceeds received for accidentally damaged or destroyed equipment in excess of its carrying value.

The transaction costs for the three and nine months ended September 30, 2024, represent deferred costs incurred for Alpine's initial public offering that were charged to earnings as a result of its postponement.

Severance charges for the three and nine months ended September 30, 2024 relate to the departure of certain highly-compensated employees.

(Gain) loss on disposal of assets, net consists of gains and losses on the sale of excess property, early equipment failures and other asset dispositions.

Supply commitment charges for the three and nine months ended September 30, 2024, represent charges related to contractual inventory purchase commitments to certain proppant suppliers. These charges were attributable to our decreased volume of purchases from these suppliers due to certain customers decreasing their activity levels. If future customer demand differs from our contracted supply, we may incur supply commitment charges in future periods.

The acquisition earnout adjustment for the nine months ended September 30, 2023 represents a decrease in the fair value of the contingent consideration related to our acquisition of REV in December 2022.

Interest Expense, Net

Interest expense, net of interest income, for the three and nine months ended September 30, 2024 was $40.6 million and $117.8 million, respectively, which was consistent with $40.2 million and $116.1 million in the same periods in 2023.

Gain (Loss) on Extinguishment of Debt

For the nine months ended September 30, 2023, we recognized a net gain of $4.1 million, which was primarily due to the forgiveness of Flotek's Paycheck Protection Program loan in the first quarter of 2023.

Other (Expense) Income, Net

For the three and nine months ended September 30, 2024 we recognized a loss of $0.1 million and a gain of $1.2 million, respectively, compared with a loss of $4.9 million and $22.0 million in the same periods in 2023. The 2023 loss was primarily attributable to a decrease in the fair value of our investment in BPC and the change in fair value of our Munger make-whole provision.

Income Taxes

Income taxes were a benefit of $24.9 million and an expense of $9.6 million for the nine months ended September 30, 2024 and 2023, respectively. Our effective tax rate for the nine months ended September 30, 2024 was 19.0%, compared with 20.5% in the same period in 2023.

For the nine months ended September 30, 2024, our income tax provision included a discrete benefit of $25.6 million related to the release of a portion of the valuation allowance on our net deferred tax assets. This discrete item was caused by the assumption of a $25.6 million net deferred tax liability in our acquisition of AST, which made it more likely than not that we would be able to utilize a corresponding amount of our deferred tax assets. Excluding this discrete item, the difference between our effective tax rate and the federal statutory rate related to changes in the valuation allowance on our net deferred tax assets.

In 2023, the difference between our effective tax rate and the federal statutory rate related to changes in the valuation allowance on our net deferred tax assets and to the income that was earned within the financial statement consolidated group that is not subject to tax within the financial statement consolidated group.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Our primary sources of liquidity are cash flows from operations and availability under our revolving credit facility. While Flotek is included in our unaudited condensed consolidated financial statements, we do not have the ability to access or use Flotek's cash or liquidity in our operations and, accordingly, have excluded Flotek's cash and other sources of liquidity from the following discussion of our liquidity and capital resources. See "Note 10. Variable Interest Entity" in the notes to our unaudited condensed consolidated financial statements for discussion of our ownership of Flotek.

Our Alpine 2023 Term Loan requires us to segregate collateral associated with Alpine and limits our ability to use Alpine's cash or assets to satisfy our obligations or the obligations of our other subsidiaries. We also have limited ability to provide Alpine with liquidity to satisfy its obligations. Refer to our Annual Report and "Note 4. Debt" in the notes to our unaudited condensed consolidated financial statements for more information regarding the Alpine 2023 Term Loan.

At September 30, 2024, we had $20.5 million of cash and cash equivalents, excluding Flotek, and $88.7 million available for borrowings under our revolving credit facility, which resulted in a total liquidity position of $109.2 million. Refer to our Annual Report for more information regarding our revolving credit facility.

We believe that our cash and cash equivalents, cash provided by operations and the availability under our revolving credit facility will be sufficient to fund our capital expenditures and satisfy our debt obligations for at least the next 12 months. If we pursue additional acquisitions during 2024, we will likely need to raise additional debt and/or equity financing to fund them. There is no assurance we could do that on favorable terms, if at all.

Cash Flows

Cash flows provided by (used in) each type of activity were as follows:

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net cash provided by (used in):		
Operating activities	$ 290.8	$ 510.8
Investing activities	(351.8)	(687.4)
Financing activities	61.2	164.5
Net change in cash, cash equivalents, and restricted cash	$ 0.2	$ (12.1)

Operating Activities. Net cash provided by operating activities was $290.8 million and $510.8 million for the nine months ended September 30, 2024 and 2023, respectively. Cash flows from operating activities consist of net income or loss adjusted for non-cash items and changes in net working capital. Net income or loss adjusted for non-cash items for the nine months ended September 30, 2024 resulted in a cash increase of $255.6 million compared with a cash increase of $391.3 million in the same period of 2023. This change was primarily due to lower earnings in 2024. Changes in net working capital for the nine months ended September 30, 2024 resulted in a cash increase of $35.2 million compared with a cash increase of $119.5 million in the same period of 2023. This change was primarily due to decreased cash from accounts receivable in 2024, which was partially offset by increased cash provided by inventories and accounts payable in 2024.

Investing Activities. Net cash used in investing activities was $351.8 million and $687.4 million for the nine months ended September 30, 2024 and 2023, respectively. This change was primarily due to decreased cash used for acquisitions and capital expenditures in 2024.

Financing Activities. Net cash provided in financing activities was $61.2 million and $164.5 million for the nine months ended September 30, 2024 and 2023, respectively. Net cash provided in 2024 and 2023 was primarily attributable to borrowings to fund acquisitions and utilization of our revolving credit facility for general corporate purposes. Additionally, in 2023 we received net proceeds of $48.9 million from the issuance of Preferred Stock.

Cash Requirements

Our material cash requirements have consisted of, and we anticipate will continue to consist of the following:

- debt service obligations, including interest and principal;
- capital expenditures;
- purchase commitments;
- tax receivable agreement payments, and
- acquisitions of strategic businesses.

Debt Service Obligations

As of September 30, 2024 we have $1,205.7 million in aggregate principal amount of long-term debt outstanding, with $171.9 million coming due over the next twelve months. For additional information about our long-term debt, see "Note 4. Debt" in the notes to our unaudited condensed consolidated financial statements and Item 8 "Financial Statements and Supplementary Data" in our Annual Report.

Both the 2029 Senior Notes and the ABL Credit Facility contain certain customary representations and warranties and affirmative and negative covenants. As of September 30, 2024, we were in compliance with these covenants.

The Alpine 2023 Term Loan originally contained a covenant commencing with the fiscal quarter ending September 30, 2024, requiring Alpine not to exceed a maximum Total Net Leverage Ratio (as defined in the Alpine Term Loan Credit Agreement) of 2.00 to 1.00. This ratio is generally the consolidated total debt of Alpine divided by Alpine's adjusted EBITDA. In the second quarter of 2024, this covenant was amended to commence testing compliance with the Total Net Leverage Ratio with the fiscal quarter ending on September 30, 2025. As a result of Alpine's lower than expected operating results in 2024, Alpine is closely monitoring its forthcoming compliance obligation with this covenant. While there can be no assurance, Alpine believes that it will be able to meet, modify, or further defer this debt covenant.

Capital Expenditures

The nature of our capital expenditures consists of a base level of investment required to support our current operations and amounts related to growth and company initiatives.

During the nine months ended September 30, 2024 our capital expenditures were $191.8 million, consisting of maintenance capital expenditures for our hydraulic fracturing fleet, upgrades to legacy pumps, expenditures to maintain efficient operations at our sand mines, and investments in next generation technology.

For the full year of 2024, we estimate capital expenditures will range from $150 million to $200 million in maintenance related expenditures and an additional $100 million for growth initiatives across all segments. Currently, growth capital expenditures for 2024 are expected to be related to sand mine improvements, upgrades to our hydraulic fracturing fleet and investments in next generation technology.

We continually evaluate our capital expenditures and the amount that we ultimately spend will depend on a number of factors, including customer demand for new fleets and expected industry activity levels.

Purchase Commitments

As of September 30, 2024, we had purchase commitments of $5.4 million in 2024 and $55.8 million in 2025 for minimum sand commitments and hydraulic fracturing equipment components.

Tax Receivable Agreement

As of September 30, 2024 we have $71.3 million of estimated tax receivable agreement obligations, with an estimated $3.2 million coming due over the next twelve months. This obligation will generally be paid under the tax receivable agreement as the Company realizes actual cash tax savings from the tax benefits covered by the tax receivable agreement in future tax years. We do not expect a significant increase in the estimate of this liability in future periods. For additional information about our tax receivable agreement, please see Item 8 "Financial Statements and Supplementary Data" in our Annual Report.

Commitments and Contingencies

Prior to September 2024, we were litigating multiple patent infringement lawsuits against Halliburton. In September 2024, we settled these lawsuits with Halliburton for a confidential amount and the financial effects of this matter have been included in our consolidated financial statements as of September 30, 2024. See “Note 9. Commitments and Contingencies” in the notes to our unaudited condensed consolidated financial statements for further discussion.

Acquisitions of Strategic Businesses

Our growth strategy includes potential acquisitions and other strategic transactions. From time to time we enter into non-binding letters of intent as well as binding agreements to make investments or acquisitions. These arrangements may provide for purchase consideration including cash, notes payable by us, equity or some combination, the use of which could impact our liquidity needs. These letters of intent typically are subject to the completion of satisfactory due diligence, the negotiation and resolution of significant business and legal issues, the negotiation, documentation and completion of mutually satisfactory definitive agreements among the parties, the consent of our lenders, our ability to finance any cash payment at closing, and approval of our board of directors. Any binding agreements we may enter typically include customary closing conditions. We cannot guarantee that any such actual or potential transaction will be completed on acceptable terms, if at all.

We have historically funded our acquisitions through issuances of our equity securities and borrowings under our credit agreements. For any future acquisitions, we may utilize borrowings under our revolving credit facility and various financing sources available to us, including the issuance of equity or debt securities through public offerings or private placements, to fund these acquisitions. Our ability to complete future offerings of equity or debt securities and the timing and terms of these offerings will depend on various factors including prevailing market conditions and our financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At September 30, 2024, we held no derivative instruments that materially increased our exposure to market risks for interest rates, foreign currency rates, commodity prices or other market price risks. We are subject to interest rate risk on our variable-rate debt. A 1% increase in interest rates on our variable-rate debt as of September 30, 2024, would increase the annual interest payments for this debt by approximately $11.1 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In accordance with Exchange Act Rule 13a-15, we carried out an evaluation, under the supervision and with the participation of management, including our Executive Chairman (our principal executive officer) and our Chief Financial Officer (our principal financial officer), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Executive Chairman and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. 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 Executive Chairman and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Limitations on Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Please refer to the information in "Note 9. Commitments and Contingencies" included in the notes to unaudited condensed consolidated financial statements contained herein.

ITEM 1A. RISK FACTORS

There have been no material changes in the significant risk factors that may affect our business, results of operations or liquidity as described in Item 1A "Risk Factors" in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company had no sales of unregistered equity securities during the period covered by this Quarterly Report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations and 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 (17 CFR 229.104) is included in Exhibit 95 to this Quarterly Report.

ITEM 5. OTHER INFORMATION

Securities Trading Plans

During the three months ended September 30, 2024, none of our directors or executive officers adopted Rule 10b5-1 trading plans and none of our directors or executive officers terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

The exhibits required to be filed or furnished by Item 601 of Regulation S-K are listed below.

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of ProFrac Holding Corp. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 28, 2023).
3.2	Amended and Restated Bylaws of ProFrac Holding Corp., effective as of May 17, 2022 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 18, 2022).
3.3	Certificate of Designation of Series A Redeemable Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 2, 2023).
10.1#	First Amendment to Employment Agreement, effective as of September 25, 2024, between ProFrac Holdings II, LLC and Michael Henry (incorporated by reference to Exhibit 10.1 to ProFrac Holding Corp.'s Current Report on Form 8-K filed with the SEC on October 1, 2024).
10.2	Indemnification Agreement (Michael Henry) (incorporated by reference to Exhibit 10.2 to ProFrac Holding Corp.'s Current Report on Form 8-K filed with the SEC on October 1, 2024).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal 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 Exhibit.
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive date file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document.
104*	Cover Page Interactive Date File (embedded within the Inline XBRL document).

* Filed herewith.
** Furnished herewith.
# Compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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 on November 6, 2024.

ProFrac Holding Corp.

By: /s/ Matthew D. Wilks
Name: Matthew D. Wilks
Title: Executive Chairman and Director
(Principal Executive Officer)

By: /s/ Austin Harbour
Austin Harbour
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew D. Wilks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ProFrac Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: November 6, 2024

By: /s/ Matthew D. Wilks

Matthew D. Wilks
Executive Chairman
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Austin Harbour, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ProFrac Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: November 6, 2024

By: /s/ Austin Harbour
Austin Harbour
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ending September 30, 2024 of ProFrac Holding Corp., a Delaware corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of the Company do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 6, 2024

By: /s/ Matthew D. Wilks

Matthew D. Wilks
Executive Chairman
(Principal Executive Officer)

Date: November 6, 2024

By: /s/ Austin Harbour

Austin Harbour
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley act of 2002 has been provided to ProFrac Holding Corp. and will be retained by ProFrac Holding Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 95

MINE SAFETY DISCLOSURES

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K, each operator of a coal or other mine is required to include certain mine safety information in its periodic reports filed with the Securities and Exchange Commission. The table below includes this mine safety information for each mine facility owned and operated by ProFrac Holding Corp., or its subsidiaries, for the quarterly period ended September 30, 2024. Due to timing and other factors, our data may not agree with the mine data retrieval system maintained by the Mine Safety and Health Administration ("MSHA"). The columns in the table represent the total number of, and the proposed dollar assessment for, violations, citations and orders issued by MSHA during the period upon periodic inspection of our mine facilities in accordance with the referenced sections of the Federal Mine Safety and Health Act of 1977, as amended (the "Mine Act"), described as follows:

- Section 104(a) Significant and Substantial Violations: Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
- Section 104(b) Orders: Total number of orders issued due to a failure to totally abate, within the time period prescribed by MSHA, a violation previously cited under section 104, which results in the issuance of an order requiring the mine operator to immediately withdraw all persons from the mine.
- Section 104(d) Citations and Orders: Total number of citations and orders issued for unwarrantable failure of the mine operator to comply with mandatory health and safety standards. The violation could significantly and substantially contribute to the cause and effect of a safety and health hazard, but the conditions do not cause imminent danger.
- Section 110(b)(2) Flagrant Violations: Total number of flagrant violations defined as a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
- Section 107(a) Imminent Danger Orders: Total number of orders issued when an imminent danger is identified which requires all persons to be withdrawn from area(s) in the mine until the imminent danger and the conditions that caused it to cease to exist.
- Total Dollar Value of Proposed MSHA Assessments: Each issuance of a citation or order by MSHA results in the assessment of a monetary penalty. The total dollar value presented includes any contested penalties.
- Legal Actions Pending, Initiated or Resolved: Total number of cases pending legal action before the Federal Mine Safety and Health Review Commission as of the last day of the reporting period or the number of such cases initiated or resolved during the reporting period.

							Legal Actions		
Mine location	Section 104(a) "Significant and Substantial" Violations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Flagrant Violations (#)	Section 107(a) Imminent Danger Orders (#)	Total Dollar Value of Proposed MSHA Assessments ($)	Pending as of Last Day of Period (#)	Initiated During Period (#)	Resolved During Period (#)
Bexar County, Texas	-	-	-	-	-	-	-	-	-
Dawson County, Texas	1	-	-	-	-	221	-	-	-
Ward/Ector Counties, Texas	-	-	-	-	-	-	-	-	-
Winkler County, Texas	-	-	-	-	-	-	-	-	-
Miller/Lafayette Counties, Arkansas	1	-	-	-	-	147	-	-	-
Bossier/Caddo Parishes, Louisiana (SP)	-	-	-	-	-	-	-	-	-

Bossier/Caddo Parishes, Louisiana (HC)	-	-	-	-	-	-	-	-	-
Beauregard Parish, Louisiana	-	-	-	-	-	-	-	-	-

We had no mining-related fatalities at any of our facilities during the quarterly period ended September 30, 2024. During this period we also received no written notices from MSHA under section 104(e) of the Mine Act of (i) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards; or (ii) the potential to have such a pattern.