

February 21, 2023



ProPetro Reports Financial Results for the Fourth Quarter and Full Year of 2022

MIDLAND, Texas--(BUSINESS WIRE)-- ProPetro Holding Corp. ("ProPetro" or "the Company") (NYSE: PUMP) today announced financial and operational results for the fourth quarter and full year of 2022.

Full Year 2022 Results

- Full year 2022 revenue of \$1.3 billion, a 46% increase versus 2021.
- Net income of \$2 million for the full year 2022, as compared to a net loss of \$54 million in 2021.
- Full year 2022 Adjusted EBITDA⁽¹⁾ of \$317 million, an increase of 134% versus 2021, with Adjusted EBITDA margins increasing from 15% to 25%.

Fourth Quarter 2022 Results and Highlights

- Fourth quarter revenue increased 5% to \$349 million compared to \$333 million for the prior quarter.
- Fourth quarter net income of \$13 million, or \$0.12 per diluted share, compared to net income of \$10 million, or \$0.10 per diluted share, for the prior quarter.
- Fourth quarter Adjusted EBITDA⁽¹⁾ decreased 7% to \$84 million or 24% of revenues, compared to \$90 million or 27% of revenues for the prior quarter.
- Fourth quarter effective utilization was 14.5 fleets compared to 14.8 fleets for the prior quarter.
- Fourth quarter net cash provided by operating activities of \$125 million as compared to \$72 million for the prior quarter.
- Fourth quarter Free Cash Flow⁽²⁾ was approximately \$15 million as compared to negative Free Cash Flow of approximately \$26 million for the prior quarter.
- Completed the acquisition of Silvertip Completion Services Operating, LLC ("Silvertip"), a Permian Basin-focused provider of wireline perforating and pumpdown services, on November 1, 2022.
- During the quarter, the Company ordered two additional electric hydraulic fracturing fleets (for a total of four fleets to be delivered in 2023) and completed its first long-term contract for the new electric offering.

(1) Adjusted EBITDA is a Non-GAAP financial measure and is described and reconciled to net income (loss) in the table under "Non-GAAP Financial Measures."

(2) Free Cash Flow is a Non-GAAP financial measure and is described and reconciled to cash from operating activities in the table under "Non-GAAP Financial Measures".

Sam Sledge, Chief Executive Officer, commented, "The fourth quarter was an exciting end to a transformational year for ProPetro. Thanks to the hard work of our team throughout 2022, we improved profitability, executed a disciplined approach to asset deployment, and successfully pursued accretive growth, strengthening our business and positioning the Company for more sustained, long-term success. We have significantly advanced our

strategy to industrialize the business, and are confident that ProPetro is well-positioned to execute on the many value-enhancing opportunities ahead in 2023 and beyond.”

David Schorlemer, Chief Financial Officer, commented, “2022 was a significant investment year for ProPetro in which we recapitalized our fleet, made important progress in transitioning to over 35% natural gas-burning equipment and executed an accretive transaction with Silvertip, all while protecting our liquidity. Despite a fourth quarter impacted by weather, holiday-related seasonality and the strategic repositioning of certain fleets, for the full year we were proud to deliver a revenue increase of 46%, an Adjusted EBITDA increase of 134% and an Adjusted EBITDA margin increase of 930 basis points as compared to the prior year.”

Fourth Quarter 2022 Financial Summary

Revenue was \$349 million, compared to \$333 million for the third quarter of 2022. Despite the Company's slight decrease in utilization, the increase in revenue is attributable to pricing increases and added revenue from Silvertip.

Cost of services, excluding depreciation and amortization of approximately \$34 million, increased to \$243 million from \$224 million during the third quarter of 2022. The increase was also attributable to the Silvertip acquisition, additional strategic supply chain purchases, and cost inflation across all of our service lines in the fourth quarter of 2022.

General and administrative expense of \$27 million decreased from \$28 million in the third quarter of 2022. General and administrative expense excluding non-recurring expense (net) of \$5 million relating to legal settlement and expenses (net of insurance recovery), stock-based compensation of \$4 million, and other non-recurring expenses of \$1 million was \$22 million, or 6% of revenue, which is flat compared to the third quarter of 2022.

Net income totaled \$13 million, or \$0.12 per diluted share, compared to net income of \$10 million, or \$0.10 per diluted share, for the third quarter of 2022.

Adjusted EBITDA decreased to \$84 million from \$90 million for the third quarter of 2022. The decrease in Adjusted EBITDA was primarily attributable to our decreased utilization caused by our fleet repositioning efforts, and the combination of holiday seasonality and weather impacts, and the costs of activating our 15th fleet.

Liquidity and Capital Spending

As of December 31, 2022, we had cash and cash equivalents of \$89 million and borrowings under our ABL Credit Facility were \$30 million. Total liquidity at the end of the fourth quarter of 2022 was \$155 million, which included cash and cash equivalents and available borrowing capacity under our ABL Credit Facility.

As of February 20, 2023, borrowings under the Company's ABL Credit Facility were \$30 million and our total liquidity was approximately \$143 million, consisting of cash and cash equivalents of \$35 million and \$107 million of availability under our ABL Credit Facility.

Capital expenditures incurred during the fourth quarter of 2022 were \$89 million, the majority of which related to maintenance expenditures, our previously announced Tier IV DGB conversions, and approximately \$18 million in strategic supply chain purchases of fixed

asset inventory items. Net cash used in investing activities during the fourth quarter of 2022 was \$110 million.

Guidance and Recent Results

ProPetro's outlook for full year 2023 cash capital expenditures is expected to be between \$250 million and \$300 million, a reduction compared to 2022. The Company anticipates that ongoing fleet revitalization and strategic investments will continue to provide value for ProPetro's shareholders.

Additionally, based on its current outlook for the first quarter of 2023, ProPetro anticipates frac fleet utilization ranging between 14.5 to 15.5 fleets.

In January of 2023, despite some weather impacts and running only 14 fleets for the majority of the month, the Company generated revenues of \$136 million and incurred cost of services of \$88 million, and general and administrative costs of \$8 million, exclusive of stock-based compensation and other non-recurring items of approximately \$2 million. Importantly, we now have our 15th frac fleet operational today and expect full year utilization to average between 15 and 16 fleets.

These preliminary results are subject to the completion of the customary quarterly and year-end closing and review process and may be subject to change after completion of the year-end audit. See Cautionary Statement Regarding Preliminary Financial Information below.

Outlook

Mr. Schorlemer added, "As we proceed in 2023, we expect that demand for our services will remain robust. Thanks to the work undertaken in the fourth quarter to reposition and reprice our assets, we began 2023 strong. We believe our January performance is a strong baseline and expect to build upon that momentum as we move through the balance of 2023."

Mr. Sledge concluded, "We are encouraged by our early 2023 results and the opportunities ahead for ProPetro. We continue to transition our fleet and remain disciplined with regard to capital deployment, both of which will allow us to advance our position as a leading completions-focused oilfield services company. At the same time, we are taking actions to ensure that ProPetro is positioned to meet head-on any broader industry headwinds that may arise. Moving forward, we are confident ProPetro is well-positioned to capitalize on a large and attractive market opportunity within the Permian Basin and drive enhanced returns for our shareholders in what we believe should be a multi-year up-cycle. We remain focused on the pillars of our strategy: optimizing our businesses, transitioning our fleet and executing strategic transactions to accelerate Free Cash Flow."

Conference Call and Other Information

The Company will host a conference call at 8:00 AM Central Time on February 22, 2023, to discuss financial and operating results for the fourth quarter of 2022. The call will also be webcast on ProPetro's website at www.propetroservices.com. To access the conference call, U.S. callers may dial toll free 1-844-340-9046 and international callers may dial 1-412-858-5205. Please call ten minutes ahead of the scheduled start time to ensure a proper connection. A replay of the conference call will be available for one week following the call

and can be accessed toll free by dialing 1-877-344-7529 for U.S. callers, 1-855-669-9658 for Canadian callers, as well as 1-412-317-0088 for international callers. The access code for the replay is 8212202. The Company has also posted the scripted remarks on its website.

About ProPetro

ProPetro Holding Corp. is a Midland, Texas-based oilfield services company providing innovative completion services to leading upstream oil and gas companies engaged in the exploration and production of North American oil and natural gas resources. For more information visit www.propetroservices.com.

Forward-Looking Statements

Except for historical information contained herein, the statements and information in this news release and discussion in the conference call described above are forward-looking statements that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words “may,” “could,” “plan,” “project,” “budget,” “predict,” “pursue,” “target,” “seek,” “objective,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” and other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include, among other matters, statements about our business strategy, industry, future profitability, expected fleet utilization, sustainability efforts, the future performance of newly improved technology, expected capital expenditures and the impact of such expenditures on our performance and capital programs. A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable.

Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements are subject to a number of risks and uncertainties that may cause actual events and results to differ materially from the forward-looking statements. Such risks and uncertainties include the volatility of oil prices, the operational disruption and market volatility resulting from the global macroeconomic uncertainty related to the Russia-Ukraine war, general economic conditions, including the impact of continued inflation and the risk of a global recession, and other factors described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, particularly the “Risk Factors” sections of such filings, and other filings with the Securities and Exchange Commission (the “SEC”). In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse impact on it, including matters related to shareholder litigation. Accordingly, no assurances can be given that the actual events and results will not be materially different than the anticipated results described in the forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements and are urged to carefully review and consider the various disclosures made in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings made with the SEC from time to time that disclose risks and uncertainties that may affect the Company's business. The forward-looking statements in this news release are made as of the date of this news release. ProPetro does not undertake, and expressly disclaims, any duty to publicly update these statements, whether as a result of new information, new developments or otherwise, except to the extent that disclosure is required by law.

Cautionary Statement Regarding Preliminary Financial Information

The financial information for the month of January 2023 contained in this news release and discussed in the conference call described above is based upon information available to the Company as of the date hereof and is not a comprehensive statement of the Company's financial results. Such information is preliminary and unaudited. The Company's completed results to be reported for the full three months ended March 31, 2023 may differ materially from these preliminary results. Moreover, during the course of the preparation of the Company's condensed consolidated financial statements and related notes to be included in the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2023, adjustments related to the preliminary financial information presented herein may be identified. Any such adjustments may be material.

PROPETRO HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended			Years Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
REVENUE - Service revenue	\$ 348,924	\$ 333,014	\$ 246,070	\$ 1,279,701	\$ 874,514
COSTS AND EXPENSES					
Cost of services (exclusive of depreciation and amortization)	242,618	224,118	187,361	882,820	662,266
General and administrative (inclusive of stock-based compensation)	26,728	28,190	23,843	111,760	82,921
Depreciation and amortization	34,375	30,417	33,124	128,108	133,377
Impairment expense	—	—	—	57,454	—
Loss on disposal of assets	26,912	36,636	24,145	102,150	64,646
Total costs and expenses	330,633	319,361	268,473	1,282,292	943,210
OPERATING INCOME (LOSS)	18,291	13,653	(22,403)	(2,591)	(68,696)
OTHER INCOME (EXPENSE):					
Interest expense	(565)	(237)	(137)	(1,605)	(614)
Other income (expense)	1,835	(616)	(305)	11,582	873
Total other income (expense)	1,270	(853)	(442)	9,977	259
INCOME (LOSS) BEFORE INCOME TAXES	19,561	12,800	(22,845)	7,386	(68,437)
INCOME TAX (EXPENSE) BENEFIT	(6,520)	(2,768)	2,613	(5,356)	14,252
NET INCOME (LOSS)	\$ 13,041	\$ 10,032	\$ (20,232)	\$ 2,030	\$ (54,185)
NET INCOME (LOSS) PER COMMON SHARE:					
Basic	\$ 0.12	\$ 0.10	\$ (0.20)	\$ 0.02	\$ (0.53)
Diluted	\$ 0.12	\$ 0.10	\$ (0.20)	\$ 0.02	\$ (0.53)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:					
Basic	111,118	104,372	103,390	105,868	102,655
Diluted	111,988	105,070	103,390	106,939	102,655

PROPETRO HOLDING CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	December 31, 2022	December 31, 2021

ASSETS**CURRENT ASSETS:**

Cash, cash equivalents and restricted cash	\$ 88,862	\$ 111,918
Accounts receivable - net of allowance for credit losses of \$419 and \$217, respectively	215,925	128,148
Inventories	5,034	3,949
Prepaid expenses	8,643	6,752
Short-term investment, net	10,283	—
Other current assets	38	297
Total current assets	328,785	251,064
PROPERTY AND EQUIPMENT - net of accumulated depreciation	922,735	808,494
OPERATING LEASE RIGHT-OF-USE ASSETS	3,147	409
OTHER NONCURRENT ASSETS:		
Goodwill	23,624	—
Intangible assets - net of amortization	56,345	—
Other noncurrent assets	1,150	1,269
Total other noncurrent assets	81,119	1,269
TOTAL ASSETS	\$1,335,786	\$1,061,236

LIABILITIES AND SHAREHOLDERS' EQUITY**CURRENT LIABILITIES:**

Accounts payable	\$ 234,299	\$ 152,649
Operating lease liabilities	854	369
Accrued and other current liabilities	49,027	20,767
Total current liabilities	284,180	173,785
DEFERRED INCOME TAXES	65,265	61,052
LONG-TERM DEBT	30,000	—
NONCURRENT OPERATING LEASE LIABILITIES	2,308	97
Total liabilities	381,753	234,934

COMMITMENTS AND CONTINGENCIES**SHAREHOLDERS' EQUITY:**

Preferred stock, \$0.001 par value, 30,000,000 shares authorized, none issued, respectively	—	—
Common stock, \$0.001 par value, 200,000,000 shares authorized, 114,515,008 and 103,437,177 shares issued, respectively	114	103
Additional paid-in capital	970,519	844,829
Accumulated deficit	(16,600)	(18,630)
Total shareholders' equity	954,033	826,302
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,335,786	\$1,061,236

PROPETRO HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Years Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,030	\$ (54,185)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	128,108	133,377
Impairment expense	57,454	—
Deferred income tax expense (benefit)	4,213	(14,288)
Amortization of deferred debt issuance costs	785	542
Stock-based compensation	21,881	11,519
Provision for credit losses	202	282
Loss on disposal of assets	102,150	64,646
Unrealized loss on short-term investment	1,570	—
Non-cash income from settlement with equipment manufacturer	(2,668)	—
Changes in operating assets and liabilities:		
Accounts receivable	(66,900)	(43,742)

Other current assets	354	310
Inventories	124	(1,220)
Prepaid expenses	743	4,463
Accounts payable	27,428	51,764
Accrued and other current liabilities	22,602	1,246
Accrued interest	353	—
Net cash provided by operating activities	300,429	154,714
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(319,683)	(143,523)
Silvertip Acquisition, net of cash acquired	(38,639)	—
Proceeds from sale of assets	8,577	39,231
Net cash used in investing activities	(349,745)	(104,292)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	30,000	—
Repayments of insurance financing	—	(5,473)
Payment of debt issuance costs	(824)	—
Proceeds from exercise of equity awards	963	4,017
Tax withholdings paid for net settlement of equity awards	(3,879)	(5,820)
Net cash provided by (used in) financing activities	26,260	(7,276)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(23,056)	43,146
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	111,918	68,772
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	\$ 88,862	\$ 111,918

Reportable Segment Information

(in thousands)	Three Months Ended					
	December 31, 2022			September 30, 2022		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Service revenue	\$ 348,924	\$ —	\$ 348,924	\$ 330,780	\$ 2,234	\$ 333,014
Adjusted EBITDA	\$ 84,228	\$ (118)	\$ 84,110	\$ 92,009	\$ (2,009)	\$ 90,000
Depreciation and amortization	\$ 34,375	\$ —	\$ 34,375	\$ 29,856	\$ 561	\$ 30,417
Capital expenditures	\$ 89,158	\$ 226	\$ 89,384	\$ 112,865	\$ 2,258	\$ 115,123

(in thousands)	Years Ended					
	December 31, 2022			December 31, 2021		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Service revenue	\$ 1,266,261	\$ 13,440	\$ 1,279,701	\$ 857,642	\$ 16,872	\$ 874,514
Adjusted EBITDA	\$ 318,051	\$ (1,461)	\$ 316,590	\$ 134,309	\$ 698	\$ 135,007
Depreciation and amortization	\$ 125,867	\$ 2,241	\$ 128,108	\$ 129,780	\$ 3,597	\$ 133,377
Capital expenditures	\$ 362,467	\$ 2,849	\$ 365,316	\$ 162,222	\$ 2,936	\$ 165,158

Non-GAAP Financial Measures

We define EBITDA as net income (loss) less (i) depreciation and amortization, (ii) interest expense and (iii) income tax expense (benefit). We define Adjusted EBITDA as EBITDA, plus (i) loss (gain) on disposal of assets, (ii) stock-based compensation, (iii) other expense (income), (iv) other general and administrative expense (net) and (v) severance expense. We define Free Cash Flow as net cash provided by operating activities less net cash used in investing activities. Adjusted EBITDA and Free Cash Flow are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures provide useful information to investors in assessing our financial

condition and results of operations. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA, and net cash provided by operating activities is the GAAP measure most directly comparable to Free Cash Flow. Non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measures. Non-GAAP financial measures have important limitations as analytical tools because they exclude some, but not all, items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA or Free Cash Flow in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA and Free Cash Flow may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands)	Three Months Ended					
	December 31, 2022			September 30, 2022		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Net income (loss)	\$ 13,386	\$ (345)	\$ 13,041	\$ 26,404	\$ (16,372)	\$ 10,032
Depreciation and amortization	34,375	—	34,375	29,856	561	30,417
Interest expense	565	—	565	237	—	237
Income tax expense	6,520	—	6,520	2,768	—	2,768
Loss on disposal of assets	26,685	227	26,912	22,850	13,786	36,636
Stock-based compensation	3,754	—	3,754	3,306	—	3,306
Other expense (income) ⁽²⁾⁽³⁾	(1,835)	—	(1,835)	616	—	616
Other general and administrative expense, (net) ⁽¹⁾	748	—	748	4,920	—	4,920
Severance expense	30	—	30	1,052	16	1,068
Adjusted EBITDA	<u>\$ 84,228</u>	<u>\$ (118)</u>	<u>\$ 84,110</u>	<u>\$ 92,009</u>	<u>\$ (2,009)</u>	<u>\$ 90,000</u>

(in thousands)	Year Ended					
	December 31, 2022			December 31, 2021		
	Completion Services	All Other	Total	Completion Services	All Other	Total
Net income (loss)	\$ 19,754	\$ (17,724)	\$ 2,030	\$ (51,189)	\$ (2,996)	\$ (54,185)
Depreciation and amortization	125,867	2,241	128,108	129,780	3,597	133,377
Interest expense	1,605	—	1,605	614	—	614
Income tax (benefit) expense	5,356	—	5,356	(14,252)	—	(14,252)
Loss on disposal of assets	88,145	14,005	102,150	64,549	97	64,646
Impairment expense	57,454	—	57,454	—	—	—
Stock-based compensation	21,881	—	21,881	11,519	—	11,519
Other (income) expense ⁽³⁾	(11,582)	—	(11,582)	(873)	—	(873)
Other general and administrative expense ⁽¹⁾	8,460	—	8,460	(6,471)	—	(6,471)
Severance expense	1,111	17	1,128	632	—	632
Adjusted EBITDA	<u>\$ 318,051</u>	<u>\$ (1,461)</u>	<u>\$316,590</u>	<u>\$ 134,309</u>	<u>\$ 698</u>	<u>\$135,007</u>

(1) Other general and administrative expense, (net of reimbursement from insurance carriers) primarily relates to nonrecurring professional fees paid to external consultants in connection with the Company's audit committee review, SEC investigation, shareholder litigation, legal settlement to a vendor and other legal matters, net of insurance recoveries. During the three months ended December 31, 2022 and September 30, 2022, we received approximately \$3.5 million and \$3.4 million, respectively, from our insurance carriers in connection with the SEC investigation and shareholder litigation. During the years ended December 31, 2022 and December 31, 2021, we received approximately \$10.4 million and \$9.8 million respectively, from our insurance carriers in connection with the SEC investigation and shareholder litigation.

(2) Includes \$10.7 million net tax refund (net of advisory fees) received in March 2022 from the Texas Comptroller of Public Accounts in connection with limited sales, excise and use audit of the period July 1, 2015 through December 31, 2018.

(3) Includes \$2.7 million non-cash income from fixed asset inventory received as part of a settlement of warranty claims with an equipment manufacturer and a \$1.6 million unrealized loss on short-term investment.

Reconciliation of Cash from Operating Activities to Free Cash Flow

<i>(in thousands)</i>	Three Months Ended	
	December 31, 2022	September 30, 2022
Cash from Operating Activities	\$ 125,478	\$ 71,643
Cash used in Investing Activities	(109,788)	(98,389)
Free Cash Flow	\$ 15,690	\$ (26,746)

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20230221005860/en/>

Investor Contacts:

David Schorlemer

Chief Financial Officer

david.schorlemer@propetroservices.com

432-227-0864

Matt Augustine

Director, Corporate Development and Investor Relations

matt.augustine@propetroservices.com

432-848-0871

Source: ProPetro Holding Corp.