

2020 ANNUAL REPORT

**BETTER.
FASTER.
RESILIENT.**





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OneStim® is a mark of Schlumberger.





LETTER FROM THE CEO

LIBERTY WAS RESILIENT IN 2020

In 2020 Liberty faced serious challenges, as did our industry, country, and the world. Liberty responded rapidly and decisively to the COVID-19 pandemic and to the subsequent plunge in business activity in the U.S. oil and gas industry. The safety of our team members and their families came first. We immediately held a company-wide virtual townhall to inform the Liberty family about COVID and our rapid action plans to prevent transmission in our workplaces and provide support and services to any who were impacted. Our COVID Response Committee kept up with the latest science and data, developed systems and processes to protect our family, regularly communicated across the company, and worked tirelessly to reduce stress and provide support during these truly trying times. We strove to keep our families safe while also keeping the country supplied with the essential energy and materials that played central roles in combating the pandemic. I am proud of the Liberty family's tremendous response in stressful times that was so effective in keeping our workplaces safe and enabling remote work for so many critical tasks without delay. Our family was resilient in crisis.

In addition to the serious public health challenge, we also faced a collapse in frac industry business conditions. Liberty performed strongly in the first quarter even as the demand for frac fleets continued the decline that began in the second half of 2018. However, beginning in late March demand for frac services in the oil basins where Liberty works dropped by over 90%, a simply unprecedented collapse. U.S. oil production was

at an all-time high (roughly 13 million barrels of oil per day) when our country and the world experienced a rapid decline in demand for oil as much of the economy went into lockdown. Our customers were forced to hit the brakes on new well construction. I commend them all for their rapid, candid, and compassionate communications about their changing plans. Unfortunately, nothing could prevent Liberty's first-ever layoffs. Laying off nearly half of our employees and furloughing so many others was the most painful decision the Liberty executive team has ever made. As activity rebounded, the furloughs ended, and we have hired back several hundred of those laid off. I am proud and humbled by the actions and words of our team members throughout this trying ordeal. Resilience was again the order of the day.

Our second quarter revenues dropped by nearly 90%, and our first quarter positive net income — of which we were proud given the challenging market even then — swung to a significant net loss in Q2, even at the Adjusted EBITDA* level. We made sure that Liberty's balance sheet remained resilient throughout the crisis. We took aggressive cost-cutting actions across the company and slashed our 2020 capital expenditures. We set, and achieved, our goal to end the year with a cash balance at least as large as we had at the end of Q1 when the storm arrived.

**Adjusted EBITDA is a non-GAAP financial and operational measure. Please see endnote 1 following this annual report for important additional information, including a reconciliation to the most comparable GAAP measure.*

Although Liberty's revenues declined from \$2 billion in 2019 to only \$966 million in 2020, we incurred no new debt and maintained a very strong balance sheet. All this while partnering with our customers as work rapidly ramped down and throughout the gradual rebound in activity during the second half of 2020. Our revenues grew sequentially over 60% in both Q3 and Q4 of 2020. Adjusted EBITDA for the full year was \$58 million driven by a relatively strong first quarter. The second quarter was the only quarter of negative Adjusted EBITDA despite the COVID-driven collapse of demand, and the continued improvement positions us well as we enter the next phase of the cycle. 2020 was by far the most challenging business environment of my career, but Liberty remained resilient.

Despite the turbulent times of 2020, our operations continued to run well. We improved on our already strong safety performance from 2019 and set many operational efficiency records in 2020. For example, in the final quarter of 2020 we set our record for frac crew efficiency across all our active fleets! Our technology development efforts made great progress on both improving the economics of unconventional oil and gas production and lowering the environmental impacts.

SCHLUMBERGER ONESTIM® DEAL*

As Sun Tzu said over two millennia ago, "In chaos there is also opportunity." Liberty's 2020 acquisition of Schlumberger's OneStim fracture, plug and perf wireline, and sand mining businesses was a truly transformative deal. This deal brought a tremendous technology portfolio, more than doubling of our frac equipment, entry into the main natural gas basins (Marcellus, Haynesville, and Midcon) and Canada, a top-notch wireline business that is the key onsite dance partner with frac operations, and two world-class sand mines in the heart of the Permian basin.

This deal brought together the #1 (Liberty) and #3 (Schlumberger) frac businesses as ranked by customers in the 2019 Kimberlite survey. This was not consolidation for the sake of consolidation. Instead, it was bringing together two of the leaders

**OneStim® is a mark of Schlumberger.*

in frac technology, scale, and customer-recognized performance to build a better, more resilient company. The deal involved no cash. We issued new LBRT shares representing 37% ownership in the combined company to Schlumberger plus an ongoing technology alliance that will help Liberty and Schlumberger lead the next generation of oil and gas production and ESG technologies. We were thrilled on December 31, 2020, to welcome over 800 new family members to Liberty, including many long-tenured leaders in the industry.

While I hope to never repeat a year like 2020, I am proud and humbled to be on the Liberty team who performed so strongly and resiliently throughout it all. As we enter 2021 the world economy is recovering as is demand for oil and gas. After a setback like last year, billions of people in developing countries are anxious to resume progress on bettering their lives. They are anxious to replace wood and dung with liquid petroleum gas (LPG), a cleaner and more resilient cooking fuel. Anxious to gain and/or expand access to electricity and modern energy that enables longer, healthier, more resilient lives. The petrochemical industry is growing even faster as world demand for personal protective equipment (PPE) and other medical equipment grows. Global demand growth for natural gas is strong as its benefits in both reducing air pollution and greenhouse gas emissions have been clearly demonstrated in the United States. The United States has become the third largest and most rapidly growing exporter of natural gas.

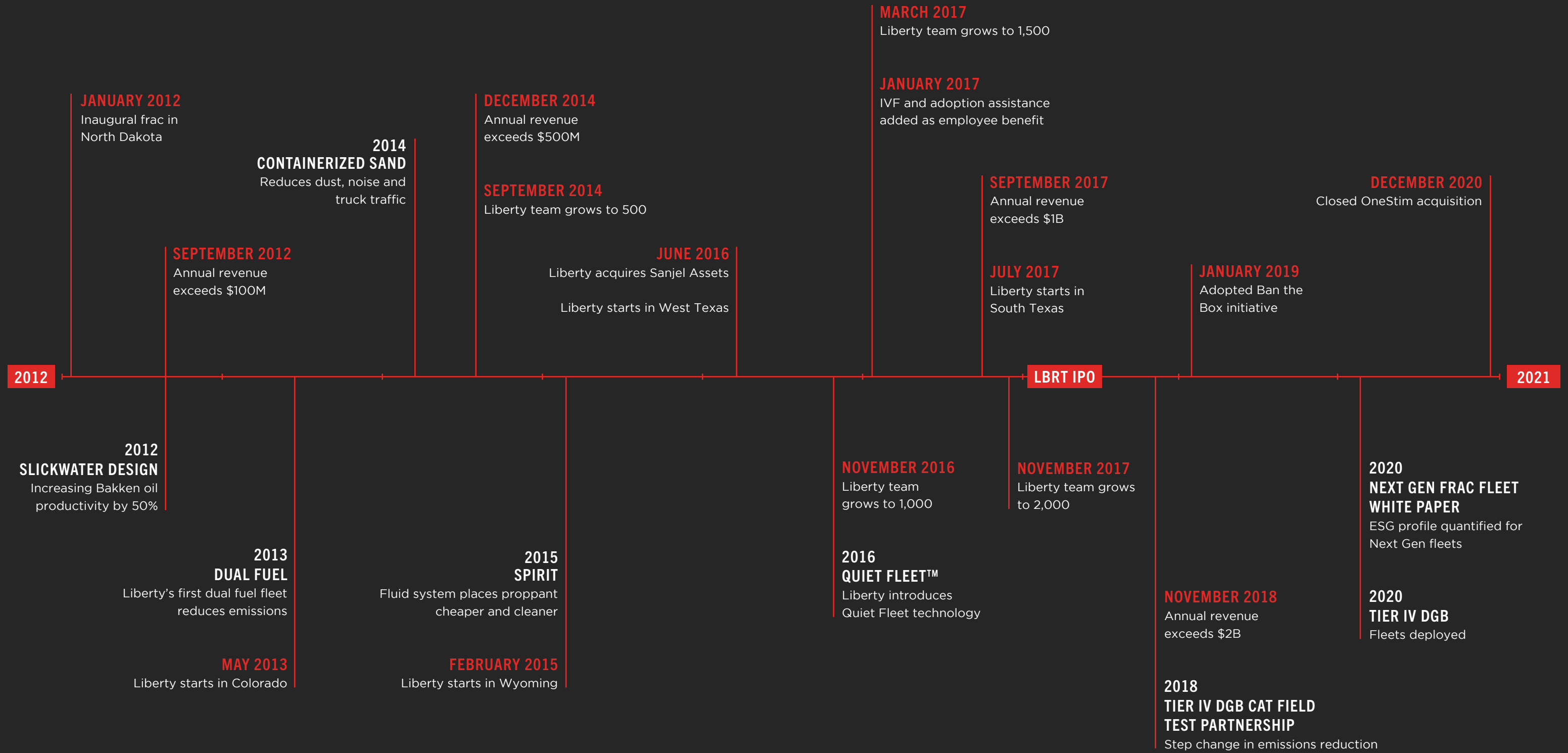
My best wishes to all of you and your families. Know that the Liberty family is constantly striving to make the world **BETTER, FASTER, STRONGER, CLEANER**, and more **RESILIENT**.

SINCERELY,

CHRIS WRIGHT
CHAIRMAN AND CEO



HISTORY OF LIBERTY





ONESTIM ACQUISITION

In 2020, Liberty acquired Schlumberger's North American onshore hydraulic fracturing business, OneStim, strengthening Liberty's position in offering one of the most innovative suites of completion services and technologies to operators in onshore North America. The OneStim acquisition included pressure pumping, pumpdown perforating wireline, and Permian frac sand businesses as well as an extensive technology portfolio and significant owned real estate footprint.

As Liberty enters its next decade as a company, we are now better, faster, and more resilient. We have laid the foundation for a new era of technology and sustainability in the oil and gas industry. We are driven to advance global energy access by bringing hydrocarbons to the surface in a clean, safe, and efficient way. The transaction supercharges technology and scale at Liberty, with an expanded technology portfolio, dedicated team of professionals, and breadth of operations that form the foundation for us to achieve greater innovation and efficiency to deliver the best service to our customers and returns to our shareholders.

UNRIVALED TECHNOLOGY PLATFORM



SUB-SURFACE ENGINEERING & WELL DESIGN
Raise well productivity and lower the cost of bringing energy to the world



EQUIPMENT DESIGN & OPERATIONS
Improve design with engineering, real-time automation, and predictive analytics



INTEGRATED CLOUD-BASED BUSINESS SYSTEMS
Cost-effectively scale operations



TECHNOLOGY-DRIVEN ENVIRONMENTAL IMPROVEMENT
Harness real data to drive technology that significantly reduces environmental impact

CASH FLOW POTENTIAL

200 TO 250 FLEETS
NORTH AMERICAN INDUSTRY DEMAND AT FLAT TO MODEST OIL AND GAS PRODUCTION GROWTH

~20% HISTORICAL PRO FORMA MARKET SHARE AVERAGE

40 TO 50 FLEETS ACTIVE MID-CYCLE PRO FORMA

\$\$\$ ATTRACTIVE FREE CASH FLOW POTENTIAL

INCREASED SCALE

\$5.2B
2019 REVENUE¹

3RD
LARGEST NORTH AMERICAN OILFIELD SERVICE COMPANY

~500
ISSUED & PENDING PATENTS²

~50
PUMPDOWN PERFORATING WIRELINE UNITS

2.5MM HHP
AVAILABLE FOR SERVICE

8MM TPA
PERMIAN SAND MINE CAPACITY

VERTICAL INTEGRATION

CAPITAL LIGHT MANUFACTURING
Pumps: Largest Maintenance Cost & Time Item

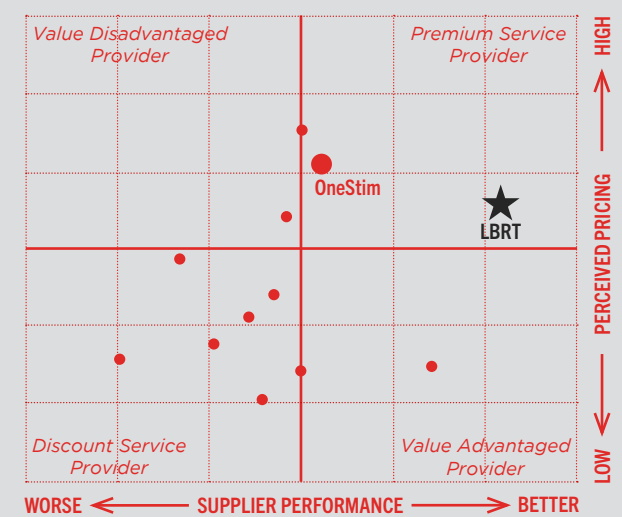
FRAC SAND MINING & LOGISTICS
Sand: Largest Consumable Cost of Completions

PUMPDOWN PERFORATING WIRELINE
Wireline: Leading Cause of Frac Delays



¹ Given the significant impact of COVID-19 during 2020 and its continued effects on drilling and completion activities in the oil and gas industry, 2019 pro forma revenues do not represent the expected 2021 financial performance of Liberty.
² Includes transferred and licensed patents

KIMBERLITE FRAC PERFORMANCE PERCEPTION



KIMBERLITE

Kimberlite, an independent industry research firm that extensively polled E&P frac customers across North America, released their 2019 Frac Industry Report. It again showed Liberty ranked #1 in quality in the eyes of North American E&Ps. Among the operators who viewed technology as critical to their decisions, Liberty's technology was viewed as #1 and Schlumberger was ranked a close #3, with 4th place miles behind. Both Liberty and Schlumberger have customer profiles weighted toward technology-embracing leading players who demand top-tier service providers. The marriage of our strong technology portfolio matters.

Source: Kimberlite International Oilfield Research, "September 2019 Hydraulic Fracturing Supplier Performance Report."



SAFETY

OUR PEOPLE ARE OUR MOST IMPORTANT ASSET.

The Liberty team is well-trained to handle the complexities of daily field operations, and our training and competency remain current with the latest technology and standards. This year, our training was put to the test. We were faced with the challenge of responding to a global pandemic and had to react quickly to pivot our operations both in the field and in the office to keep our employees and our business running safely. Ensuring our team's safety and the safety of those around us is the most important thing we do.



.66

2020 TRIR
(TOTAL RECORDABLE INCIDENT RATE)

18% LOWER
THAN INDUSTRY AVERAGE



COVID-19 RESPONSE

THE LIBERTY TEAM CONTINUED TO SHOW UP 24 HOURS A DAY DURING THE PANDEMIC TO BE SURE WE COULD PROVIDE THE ENERGY NEEDED TO FIGHT COVID-19.



IN FEBRUARY 2020, WE FORMED A COVID-19 RESPONSE COMMITTEE

to design and implement safety procedures and contingency plans at our customer locations and our offices and facilities that allowed continued delivery of safe frac services while protecting the health of both our customers and employees.



DEFINED COVID-19 POLICY THROUGH A COVID PREPAREDNESS PLAN

Developed protocols for exposure, contact tracing and quarantine in each state and each basin where we operate.



PIVOTED OUR HSE PROCEDURES TO ENSURE SAFETY IN ALL WORK ENVIRONMENTS

This included: face covering policies, temperature checks, increased sanitization practices, installation of plexiglass partitions.



PIVOTED ALL CORPORATE POSITIONS ABLE TO WORK FROM HOME

and outlined protocols and procedures for a return-to-work plan.





ENVIRONMENT

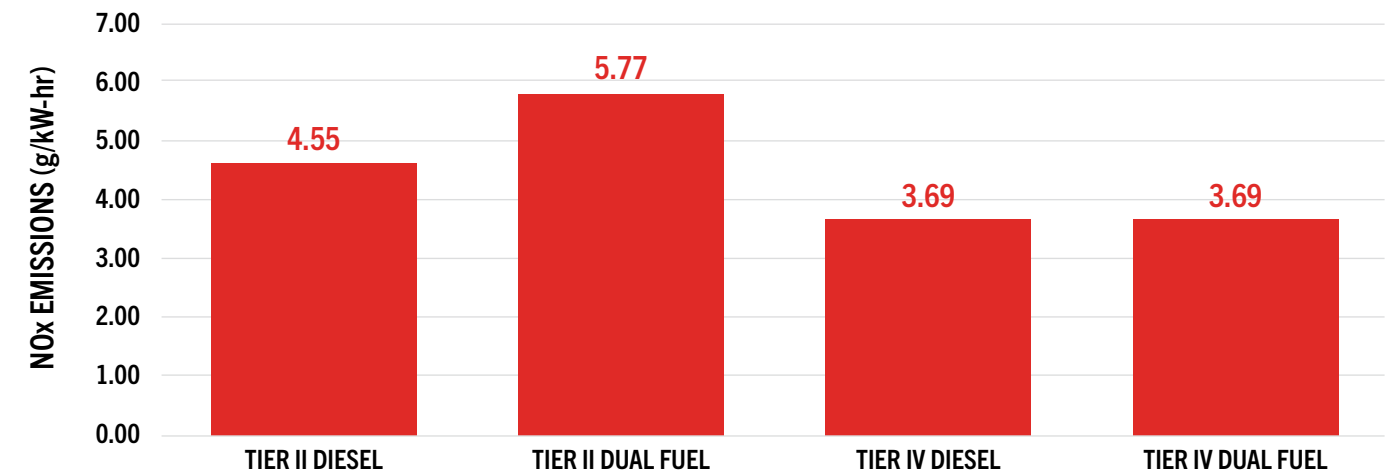
When Liberty built its first frac fleet in 2011, the engines used were capable of consuming only diesel fuel and met the current Tier II emissions standard for off-road engines at the time. In the years since that first fleet, technology has continued to evolve. Liberty has been an early adopter of each of these advancements, seeking to provide our customers with access to the best available technology for their completions.

THE DIESEL ENGINE WE USE NOW IS CLEANER AND MORE POWERFUL THAN EVER BEFORE, AND THE DUAL NATURAL GAS/DIESEL FUEL CAPABILITIES HAVE ALSO ADVANCED SIGNIFICANTLY WHEN COMPARED TO EARLIER GENERATIONS.

In 2013, Liberty deployed its first Tier II dual fuel fleet. This advancement allowed for the displacement of up to 65% of the diesel with natural gas. The use of natural gas in place of diesel offered benefits from both a cost and particulate matter emissions standpoint when compared with the base Tier II engine. Tier II dual fuel capabilities were included in every new Liberty fleet built between then and the end of 2017. Tier IV emissions requirements became effective at the start of 2018, ushering in a generation of diesel engines that had 90% lower NOx and particulate emissions when compared with the original Tier I requirements. Liberty built several new fleets using the new Tier IV engines for deployment in 2018. Caterpillar introduced dual fuel capability to its Tier IV frac engines in the fall of 2019, pushing the diesel displacement rate to 85% from the previous limit of 65% on a Tier II engine. As an early field test partner for this technology, Liberty had already developed a level of comfort with the new system and quickly placed an order for 45 of these next-generation engines to ensure our ability to provide customers access to the technology. Liberty is committed to upgrading additional fleets to this system over the coming months and years and continuing to improve the ESG profile of our fleet.

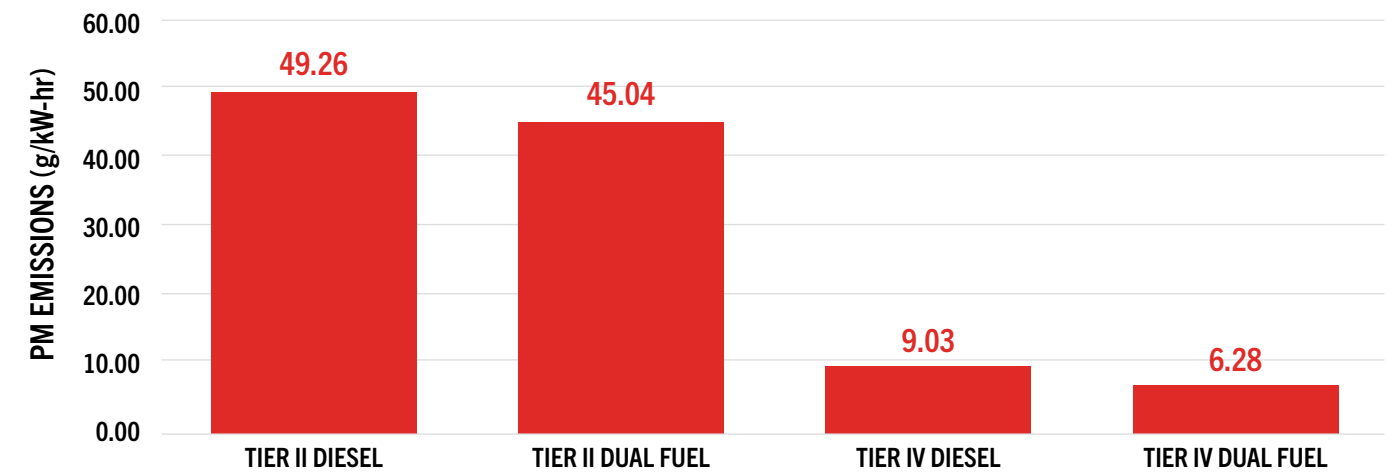
Our next step in the journey to deliver cleaner, safer, more efficient and resilient frac operations is the deployment of a fully electric frac fleet. Liberty has been hard at work on the fabrication and testing of a next-generation electric frac pump. Our novel approach to this technology addresses many of the shortcomings present in early-generation electric frac equipment. A redesigned pump to distribute higher flow rates through more valves and multiple electric motors running in parallel to ensure redundancy are just a couple of unique features that separate digiFrac from the competition. When paired with the fully electric process trailer (combination blender and hydration unit) acquired through the OneStim transaction, Liberty will be able to offer a fully electric frac fleet. This fleet is designed to be powered by natural gas reciprocating engines paired with a battery pack to ensure the optimal emissions profile on location. We arrived at this conclusion after an extensive study observing emissions of different electric configurations (please see whitepaper titled: The Next Generation of Fracturing Fleets, A Liberty ESG Evaluation at libertyfrac.com).

NOx EMISSIONS



NOx emissions are a result of high temperatures in the combustion process. One of the main goals when transitioning from Tier II to Tier IV engines was to reduce NOx emissions. The manufacturers accomplished this by reducing peak temperatures and pressures within the engine.

PARTICULATE MATTER EMISSIONS



The emission of particulate matter (PM), the black smoke typically associated with a diesel engine, is 80% lower for a Tier IV engine than for a Tier II diesel engine. This reduction is accomplished through the use of a diesel particulate filtration system on each engine.



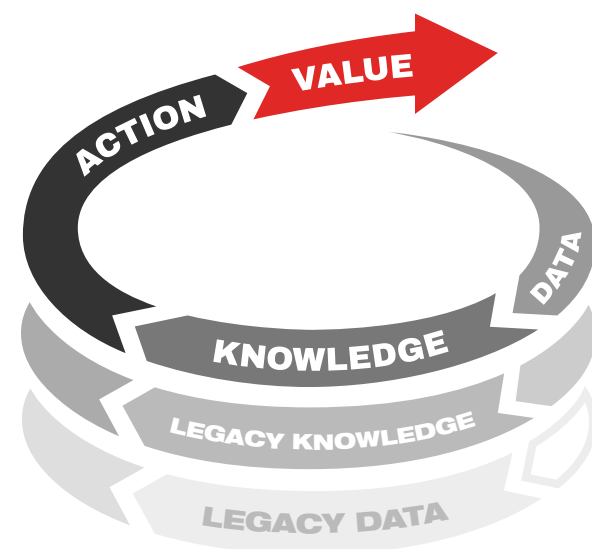


TECHNOLOGY

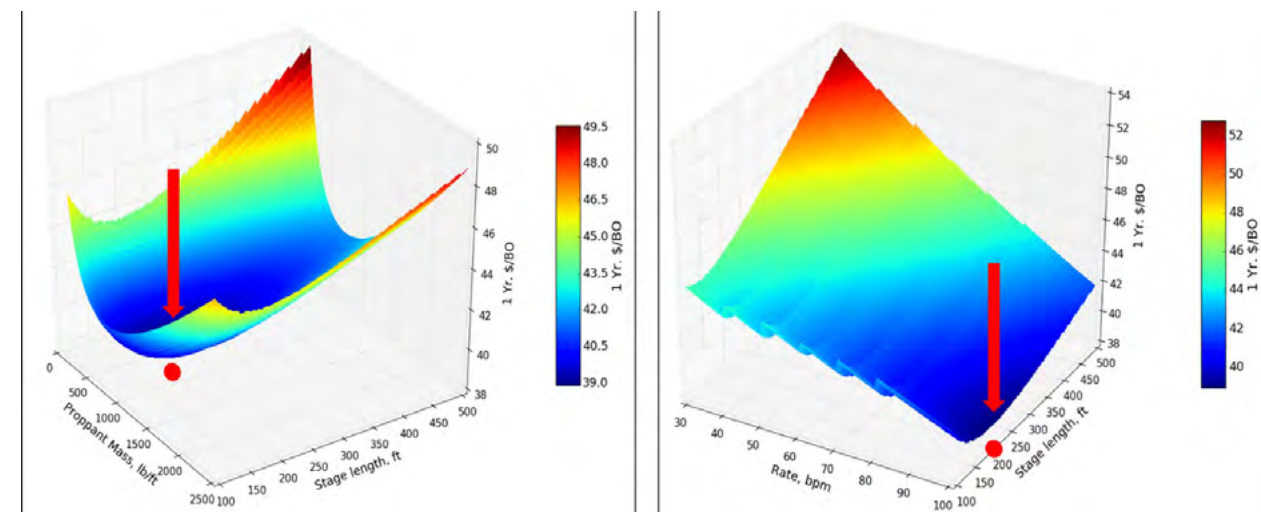
Our mission is simple and aligned with our customers' main goal: lower the cost to produce a barrel of oil and an MCF of natural gas. Liberty engineers have been at the leading edge of frac and well completion optimization that has helped our customers reduce the cost to produce a barrel of oil by more than 65% over the last 8 years! This has created resilience for our customers in the global oil industry, enabling the U.S. to become the world's top producer of oil and natural gas. Our leading innovation has helped us build long-term trusted partnerships with our customers.

Liberty's leading engineers and geoscientists use our Spiral UpSM workflow to continue driving well productivity improvements. This workflow combines our customers' data and knowledge with Liberty's statistical and modeling tools for economic optimization. Our proprietary FracTrendsTM database of over 100,000 unconventional wells, coupled with our expertise in advanced data analytics, delivers actionable value creation opportunities for our customers.

Our year-end OneStim acquisition brought us additional modeling and analytical tools to further grow our competitive advantage in production optimization. The acquisition brought us proprietary metadata for thousands of wells now included in our FracTrends database and significantly improved statistical analysis and economics evaluation capabilities now in our FraconomicsTM tool. We also added expanded and improved petrophysics data to our FracTrends database, as well as expanding the geographic coverage to include the major gas basins and the Western Canadian Sedimentary Basin.

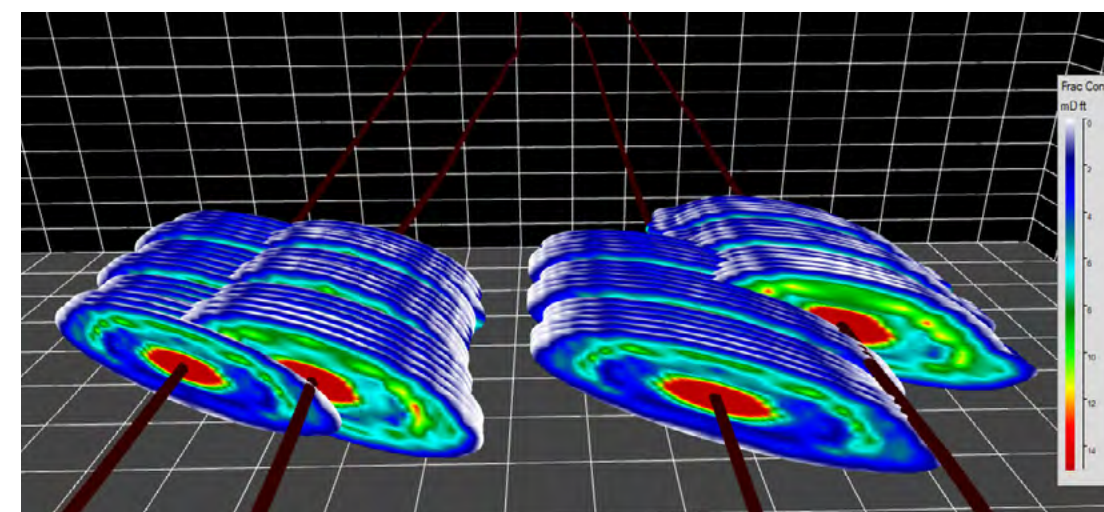


The graph below shows an example of creating value with Liberty's Spiral Up tools. Using production data from thousands of nearby wells from our FracTrends database combined with our proprietary multivariate analysis tools (big data tools constrained by physics) allows us to determine the frac design and geological parameters that are most critical for well production. Liberty's Fraconomics model can then quantify the economic impacts of altering proppant mass per foot, frac stage length, injection rate, and more, to find the optimal strategy to lower the cost of producing a barrel of oil.



The OneStim acquisition also brought a suite of new fracture growth models and reservoir models that are tailored to the depth of understanding of the subsurface. In modeling we always have a choice regarding the details we want to capture about fracture growth, and we always balance our choice of a model's sophistication with the quality and availability of real-data sources to calibrate these models. When our customers have more detailed petrophysical and reservoir descriptions, we can now utilize integrated complex frac and reservoir modeling.

An example of this more complex modeling is captured in the figure below. These models capture the impact that each individual fracture placed has on the subsurface rock and, therefore, on the growth if subsequent fractures are placed. The bottom line is that subsequent fractures grow differently than the previous fractures as the rock, and its stress state, is being changed by each fracture pumped into the well and nearby offset wells. This information allows better planning of frac sequencing, design, and execution.



The expanded capabilities that we developed in 2020 and the tremendous new capabilities added through our OneStim acquisition make Liberty an even more desirable partner for existing and potential customers. Liberty and our customers continue Spiraling Up.

EMPLOYEE Q&A

ROBERT HENDERSON
SONICSTRAP



WHAT IS YOUR LIBERTY STORY?

I started at Liberty in January of 2013. After hiking the Appalachian Trail in 2012, I wanted the outdoor adventure to continue. The oilfield in North Dakota seemed like the perfect place to meld engineering, challenging conditions, and the outdoors. Through my fiancée, I met someone from Liberty who knew someone who knew the engineering manager. After many emails and phone calls I convinced him I did want to work outside in freezing temperatures. I started as a field engineer in North Dakota, became the first full-time district engineer in our North Dakota camp, then the first district engineer in our Odessa camp when we acquired Sanjel's assets, and now I am the Technical Development Manager out of Denver.

HOW DO TECHNOLOGY AND INNOVATION FACTOR INTO THE CULTURE AT LIBERTY?

We have a saying at Liberty that guides everything we do. We want to be the Best Damn Frac Company, period. If we are other things, we want to be that one thing first. This concept requires us to test and to innovate technology while pursuing that goal. Our customers deserve to have us live up to that commitment. We owe it to ourselves as well. The acquisition of OneStim reinforces our commitment to excellence through innovation by providing some very powerful tools to our teams.

YOU INVENTED A PIECE OF TECHNOLOGY THAT IS NOW USED ACROSS LIBERTY OPERATIONS. TELL US ABOUT THE SONICSTRAP AND HOW IT CAME TO BE.

Nothing happens in a vacuum. SonicStrap would not be a realized technology without our gritty technical development engineers, expert fabrication

team, or a supportive management team helping challenge the status quo by supporting new ideas - full stop. The SonicStrap system is a highly accurate and precise electronic system of level sensors to track chemicals. It was conceptualized by realizing there was a better tool to accomplish the necessary task of maintaining a location's chemical inventory than an operator and a wooden stick. This technology has protected operators, increased efficiency, and increased operational excellence. We created a tool we would be proud to use ourselves.

WHAT OTHER FUN THINGS DO YOU GET TO DO AS THE TECHNICAL DEVELOPMENT MANAGER?

I am a huge nerd. I love technology and games. I also believe that access to energy is central to humanity's continued prosperity. When we mix technology, games, and that truth, you get the creation of some of our educational tools like the Joule Grand Prix. We make energy requirements tangible to participants in a 30-second competitive hand crank drag race game that lights up lightbulbs. The game captures a person's output and compares that to their friends' and other energy sources. Humans use a whole lot of energy to live, and we often are out of touch with just how much energy or what that looks like from a relative effort standpoint.

WHAT DO YOU LOVE MOST ABOUT LIBERTY?

I love working with our inventive, clever, accountable, and ambitious employees pursuing the apex of our market with integrity. There is a lot to love, but the people are what make Liberty what it is.

A large aerial photograph of a town, likely Odessa, Texas, with a river and mountains in the background. The image is overlaid with large, semi-transparent red quotation marks. The text is centered within the quotation marks.

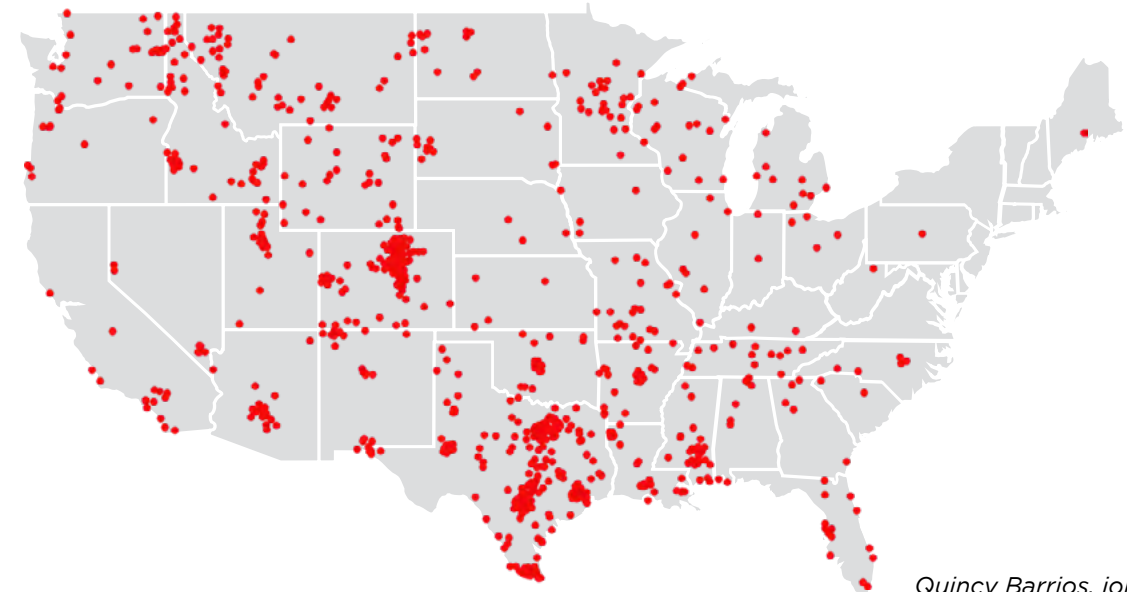
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PEOPLE & CULTURE

In the midst of a global pandemic and an oil and gas industry downturn, the Liberty family came together to work through an extraordinarily difficult time. Together we were able to weather our first-ever layoffs and furloughs and have now been able to end all furloughs and rehire several hundred of our people. We hope to continue this trend in the future. The success of Liberty is directly attributable to the quality of our people, and we believe building a strong culture inside our organization translates to strong communities where Liberty families call home.

WE HAVE LIBERTY FAMILIES LIVING IN RURAL COMMUNITIES AND BIG CITIES ACROSS THE U.S.



Quincy Barrios, joined the crew November 2020

DID YOU KNOW?

82
LIBERTY BABIES
BORN IN 2020

3
FAMILIES ASSISTED
WITH ADOPTION

60
FAMILIES ASSISTED WITH
FERTILITY TREATMENT



FEATURED TEAM MEMBERS

KELE OGBONNAYA

- Born and raised in Lagos, Nigeria and moved to Denver, Colorado in 2009
- Attended the University of Colorado and started working as a Field Engineer after graduating in 2012. Currently is an Account Representative located in Houston.

“I LOVE IT HERE. LIBERTY IS EVERYTHING I HAD HOPED FOR IN A WORKPLACE. I HAVE DEVELOPED SOME LIFELONG FRIENDSHIPS AND HAVE HAD THE OPPORTUNITY TO WORK ACROSS DIFFERENT DEPARTMENTS. THE PEOPLE HERE MAKE THE DIFFERENCE. HARD WORK AND RESILIENCE ARE ALWAYS REWARDED AT LIBERTY. LIBERTY FOREVER.”



BROOKE LOBUE

- Started working at Liberty right when she turned 18 years old as a Fabricator Welder
- Passions include horses and cars

“I HAVE REALLY ENJOYED BEING A PART OF A SHOP THAT STRIVES TO BE BETTER, DO BETTER AND ALWAYS PUTS OUR BEST QUALITY WORK OUT THERE. I TAKE PRIDE SEEING A LIBERTY TRUCK ON THE ROAD, KNOWING THE LIBERTY TEAM IS MAKING A DIFFERENCE EACH AND EVERY DAY!”

BOBBY WOODALL II

- Service Leader for Raptor Crew in Eagleford Basin
- Born and raised in Pleasanton, Texas

“CURIOSITY IS WHAT GOT ME INTO THIS INDUSTRY. AS I PROGRESSED IN MY OILFIELD CAREER, I WANTED TO WORK WITH A COMPANY THAT WOULD ALLOW ME TO GROW. WE CONTINUE TO WORK ON WAYS TO IMPROVE ON OUR EQUIPMENT, PERFORM AS A TEAM, AND STRIVE TO BE BETTER INDIVIDUALS. I LOVE IT HERE AT LIBERTY, AND I AM PROUD TO BE PART OF THE TEAM. SHOUT OUT TO ALL MY TEAM MEMBERS IN SOUTH TEXAS! MY SUCCESS IS ATTRIBUTED TO THE TEAM THAT SURROUNDS ME.”





COMMUNITY

Liberty Farmington cooked cheeseburgers and hot dogs on our Liberty grill for the 500 participants and family members of the Special Olympics 2020 SONM State Poly Hockey Championships. February 2020

No matter what changes we have faced as a company, Liberty is a family. We hold tight to the small company feel, and this mentality has shaped our approach to community outreach. Our family and communities are resilient, and we have worked hard this year to support local organizations fighting tirelessly to support those in need during a year of unprecedented challenge.

AN ACTIVE APPROACH TO COMMUNITY OUTREACH

As strong believers in the “work hard, play hard” mentality Liberty has sought opportunities that get us engaged and moving. While we had to make some adjustments in 2020, our team was still out there building houses with Habitat for Humanity, playing basketball with the kids at the Tennyson Center for Children, and packing lunches for students in need.

LIBERTY'S HYBRID VOLUNTEERING PROGRAM HAS ENABLED LIBERTY TO EXTEND VOLUNTEER OPPORTUNITIES INTO OUR BROADER LIBERTY FAMILY, INCLUDING THEIR SPOUSES AND CHILDREN.

VOLUNTEERING GOES VIRTUAL

We acted fast to adapt our community outreach opportunities to include both virtual and safe in-person options. We got to work writing thank-you cards to our first responders and cards to those in nursing homes, and we encouraged all members of the Liberty family to share their gratitude. While we missed seeing many of our community partners in person, we are so proud of the creative ways we adapted and were able to support our communities in 2020.

FEATURED COMMUNITY PARTNER: FREEDOM SERVICE DOGS

Freedom Service Dogs, founded in 1987, unleashes the potential of dogs by transforming them into custom-trained, life-changing assistance dogs for people in need. They serve both children and adults, living with disabilities such as autism, traumatic brain injury, multiple sclerosis, spinal cord injuries or veterans with PTSD. These dogs provide an invaluable resource for many in our community who need a little extra support.

“During my months in the hospital, there wasn’t an expectation of survival. One night, I was thinking, ‘Should I give up?’ because it was so hard and it hurt so much. But I thought about my family and about the service dog that I didn’t even know. You helped me before I even met Quest. It was the hope that you would provide me with a partner that lifted me up in tough times.”



– Dale (pictured with his FSD, Quest), U.S. Army veteran with PTSD and injuries suffered in a paratrooping accident

“OVER THE LAST SEVEN YEARS, LIBERTY OILFIELD SERVICES HAS BEEN AN INSTRUMENTAL PARTNER OF FREEDOM SERVICE DOGS (FSD). IN PARTICULAR, THE INCREDIBLE SUPPORT THAT FSD HAS RECEIVED FROM LIBERTY HAS BEEN VITAL TO OUR ANNUAL FACES OF FREEDOM SPORTING CLAYS TOURNAMENTS IN DENVER, CO AND MIDLAND, TX, WHICH SUPPORT OUR OPERATION FREEDOM PROGRAM – AN IMPORTANT PROGRAM OF FSD THAT PLACES LIFE-CHANGING DOGS, CUSTOM-TRAINED TO BECOME SERVICE DOGS, WITH VETERANS IN NEED. FSD IS TRULY GRATEFUL BEYOND MEASURE FOR THE PARTNERSHIP WITH LIBERTY, AND WE LOOK FORWARD TO CONTINUING TO SEE IT GROW FOR MANY YEARS TO COME.”

– NADINE PACE, FSD



MEET LIBERTY, THE FSD PUPPY WE SPONSORED THIS YEAR.

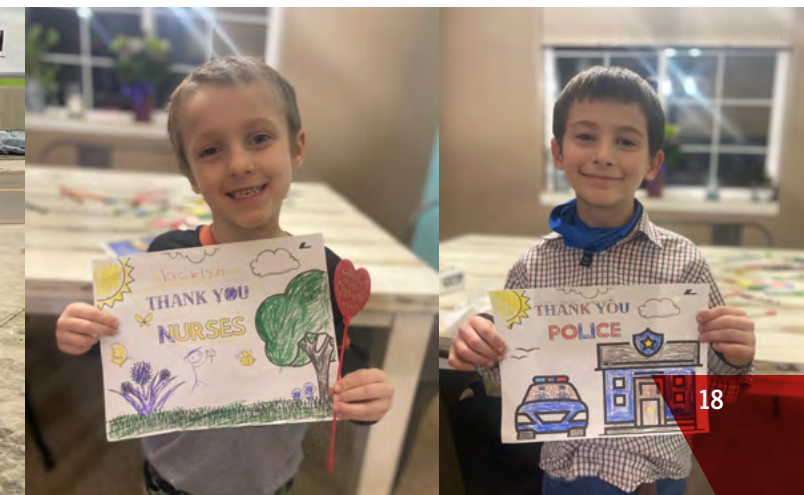
This past year, we sponsored an adorable black lab FSD puppy named Liberty! Liberty will change the life of her future owner, and we are watching proudly as she completes her training through the Prison Puppy Raising Project at Trinidad Correctional Facility, a program that allows currently incarcerated persons to develop new skills, build self-esteem, and provide an invaluable service for organizations like FSD. When she is old enough, she will be placed with her forever human in need. Onwards and upwards, Liberty!

Committed to tackling children's weekend hunger, Liberty Denver packed Power Sacks with Food for Thought Denver in March 2020.

Liberty kids, Mack and Monty, participated in our company-wide letter-writing campaign to thank essential workers in local communities.



Missing volunteering with the kids at the Tennyson Center for Children during these unusual holiday times, Liberty prepared movie night baskets for the kids over their 2020 Thanksgiving break.





BUSINESS STRATEGY & FINANCIAL SNAPSHOT

DELIVERING LEADING RETURNS IN A CYCLICAL INDUSTRY, TAKING ADVANTAGE OF THE DOWNCYCLES

Personally, collectively and financially, 2020 was a year defined by the COVID crisis. Liberty weathered the storm of the COVID-19 impact with tenacity and strength and ended the year with determination and resolve in building a better company. With the dedication, sacrifice and commitment of the Liberty family, we were able to successfully navigate through the crisis.

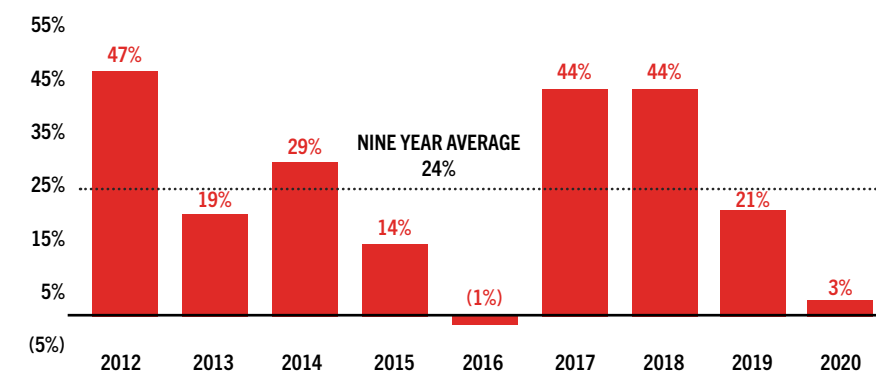
The year started with an oversupplied frac market and a challenging pricing environment, but Liberty posted relatively strong results for the first quarter with our 24 fleets actively working. The COVID storm hit the North American frac market in March when the closing of world economies drove down oil demand, and WTI crude oil price collapsed into the \$20s. North American operators responded by almost completely shutting down oil development activities by May.

In partnership with our customers, we assessed the market and made the necessary but personally difficult decision to reduce the size of our staffed frac fleet count by approximately 50%, a fleet level that positioned us to support our key customers' activity plans in the second half of the year. We undertook a companywide furlough plan for the balance of the employees to conserve cash. Frac activity for Liberty reached bottom in the second quarter of 2020 with only a handful of active fleets. Following that dramatic decline, we were able to support our customers' rising activity levels by ramping up our active frac fleet count to 16 by the end of the year and bringing back many of our experienced employees to the Liberty family.

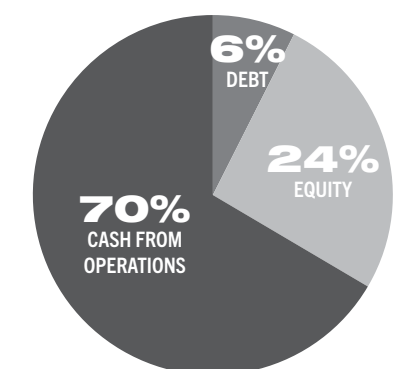
The unique challenges of 2020 also provided a transformative opportunity. Liberty has always maintained a strong balance sheet to enable us to not only weather challenging times but to take advantage of them. As we did in the last downturn of 2015/2016, we were able to execute on a strategic acquisition at attractive pricing. In September 2020, we announced an agreement to acquire Schlumberger's onshore hydraulic fracturing business in the United States and Canada (OneStim), including its pressure pumping, pumpdown perforating wireline, and Permian frac sand businesses, in exchange for a 37% equity interest in Liberty. This deal increased our scale, technical expertise, geographic diversity, and vertical integration. The transaction was significantly accretive on key financial metrics: EBITDA, free cash-flow, and earnings per share.

Despite the significant challenges and the severe downturn in oil prices in 2015/2016, Liberty has averaged a pre-tax cash return on capital invested (CROCI*) of approximately 24% in our nine years of operations. It is our culture of innovation and the empowerment of our employees that set our returns apart from the rest of the industry. Liberty has been battle tested, and we have thrived.

CASH RETURN ON CAPITAL INVESTED*



HISTORICAL FUNDING SOURCES



(\$ in Millions)	2020	2019	2018
Total revenue	\$966	\$1,990	\$2,155
Total gross profit	\$108	\$369	\$526
Pre-tax net (loss) income	\$(192)	\$89	\$289
Adjusted EBITDA **	\$58	\$291	\$444

*Cash return on capital invested is derived in part from non-GAAP financial measures. Please see endnote 3 following this annual report for important additional information.

**Adjusted EBITDA is a non-GAAP financial measure. Please see endnote 1 following this annual report for important additional information, including a reconciliation to the most comparable GAAP measure.

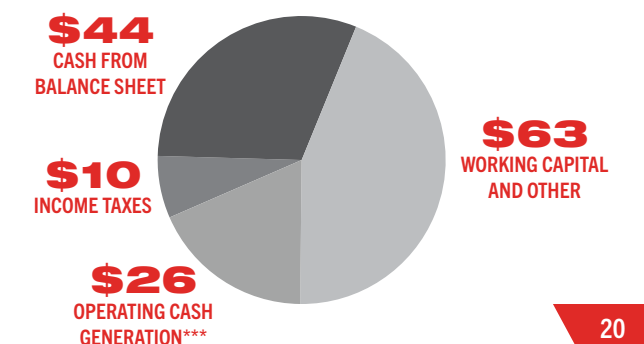
Operating metrics (annualized)	2020	2019	2018
Average active frac fleets	13.2	22.8	21.3
Revenue/active fleet	\$73	\$87	\$101
Adj. EBITDA **/active fleet	\$4	\$13	\$21

*** Operating Cash Generation is a non-GAAP financial measure. Please see endnote 4 following this annual report for important additional information, including a reconciliation to the most comparable GAAP measure.

2020 USE OF CASH (\$ IN MILLIONS)



2020 SOURCE OF CASH (\$ IN MILLIONS)



RECONCILIATIONS

¹ Adjusted EBITDA is not presented in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Please see the table below for a Reconciliation of Net Income to EBITDA and Adjusted EBITDA, its most directly comparable U.S. GAAP financial measure.

(\$ in Millions)	Year Ended 31-Dec-2020	Year Ended 31-Dec-2019	Year Ended 31-Dec-2018
Net (Loss) Income	\$(161)	\$75	249
Depreciation & Amortization	\$180	\$165	125
Interest Expense	\$15	\$15	17
Income Tax (Benefit) Expense	\$(31)	\$14	40
EBITDA	\$3	\$269	\$431
Stock based compensation expense	\$17	\$14	\$6
Fleet start-up and lay-down costs	\$12	\$4	\$10
Asset acquisition costs	\$9	-	\$1
Loss (gain) on disposal of assets	-	\$3	\$(4)
Provision for credit losses	\$5	\$1	-
Non-recurring payroll expense	\$2	-	-
Severance and related costs	\$10	-	-
Adjusted EBITDA	\$58	\$291	\$444

² Pre-Tax Return on Capital Employed (“ROCE”) is an operational measure. Please see the table below for a Calculation of Pre-Tax Return on Capital Employed. Certain amounts in the table below may not sum to the amounts presented due to the cumulative effects of rounding.

(\$ in Millions)	Twelve Months Ended 31-Dec-2020	Twelve Months Ended 31-Dec-2019
Net (loss) income	\$(161)	\$75
Income tax (benefit) expense	\$(31)	\$14
Pre-tax net (loss) income	\$(192)	\$89

(\$ in Millions)	Twelve Months Ended 31-Dec-2020	Twelve Months Ended 31-Dec-2019	Twelve Months Ended 31-Dec-2018
Capital Employed			
Total debt, net of discount	\$106	\$106	\$107
Total equity	\$1,310	\$781	\$741
Total capital employed	\$1,416	\$888	\$847
Average capital employed	\$1,152	\$867	
Pre-tax return on capital employed	-17%	10%	

³ Cash Return on Capital Invested is defined as the ratio of Adjusted EBITDA, a non-U.S. GAAP measure, to gross capital invested (total assets plus accumulated depreciation less non-interest bearing current liabilities). Please see note 1 for a reconciliation of Adjusted EBITDA to its most comparable U.S. GAAP measure.

⁴ Operating Cash Generation is not presented in accordance with U.S. GAAP. Please see the table at right for a reconciliation to Cash Flow from Operations, its most directly comparable U.S. GAAP financial measure.

(\$ in Millions)	Twelve Months Ended 31-Dec-2020
Cash flow from operations	\$85
Changes in Operating Assets and Liabilities	\$(63)
Cash paid for interest	\$11
Net cash received for income taxes	\$(10)
Proceeds from disposal of assets	\$3
Operating cash generation	\$26





Shares Listed

New York Stock Exchange
Symbol: LBRT

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC
Attn: Client Support
6201 15th Avenue
Brooklyn, NY 11219
Phone: 1-800-937-5449 or 1-718-921-8124 (outside of U.S.)
astfinancial.com

Investor Relations Contact Information

To contact Liberty's investor relations department, stockholders may call the company at 303-515-2851 or send a message via email to IR@libertyfrac.com.



LIBERTYFRAC.COM



**ANNUAL
REPORT
2020**