

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2024

OR

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

Commission file number 001-35416



U.S. Silica Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or Organization)

26-3718801
(I.R.S. Employer
Identification No.)

24275 Katy Freeway, Suite 600
Katy, Texas 77494
(Address of Principal Executive Offices) (Zip Code)
(281) 258-2170
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	SLCA	New York Stock Exchange

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 July 22, 2024, 78,227,430 shares of common stock, par value \$0.01 per share, of the registrant were outstanding.

U.S. SILICA HOLDINGS, INC.
FORM 10-Q
For the Quarter Ended June 30, 2024

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Explanatory Note

As previously disclosed, on April 26, 2024, U.S. Silica Holdings, Inc. (the "Company") entered into an Agreement and Plan of Merger (the "Merger Agreement") with Star Holding LLC, a Delaware limited liability company ("Parent"), and Star Merger Co., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are affiliates of certain funds managed by affiliates of Apollo Global Management, Inc. On July 31, 2024, as contemplated by the Merger Agreement, Merger Sub merged with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Merger"). For more information about the closing of the Merger, see our Current Report on Form 8-K filed with the SEC on July 31, 2024 and Note U to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

On July 31, 2024, the New York Stock Exchange ("NYSE") filed with the SEC a notification of removal from listing and registration on Form 25 to effect the delisting of all shares of our Common Stock from the NYSE, as well as the deregistration of the Company's common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, the Company's common stock will no longer be listed on the NYSE.

In addition, promptly after the Form 25 becomes effective, the Company intends to file with the Securities and Exchange Commission (the "SEC") a certification on Form 15, in order to suspend registration of the Company's shares of common stock under Section 12(g) of the Exchange Act and the suspension of our reporting obligations under Sections 13 and 15(d) of the Exchange Act with respect to the Company's common stock. After the filing of this Quarterly Report on Form 10-Q, the Company will no longer file periodic reports with the SEC under the Exchange Act.

PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands except share information)**

	Unaudited	Audited
	June 30, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 278,180	\$ 245,716
Accounts receivable, net	180,105	185,917
Inventories, net	141,646	149,429
Prepaid expenses and other current assets	11,326	19,682
Total current assets	611,257	600,744
Property, plant and mine development, net	1,096,046	1,125,220
Lease right-of-use assets	41,882	41,095
Goodwill	185,649	185,649
Intangible assets, net	126,636	131,384
Other assets	11,730	12,501
Total assets	\$ 2,073,200	\$ 2,096,593
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 124,462	\$ 147,479
Current portion of operating lease liabilities	16,666	18,569
Current portion of long-term debt	10,171	16,367
Current portion of deferred revenue	1,115	3,124
Income tax payable	4,722	311
Total current liabilities	157,136	185,850
Long-term debt, net	797,472	823,670
Deferred revenue	12,313	12,388
Liability for pension and other post-retirement benefits	23,714	28,715
Deferred income taxes, net	102,000	100,458
Operating lease liabilities	51,069	55,089
Other long-term liabilities	36,506	34,896
Total liabilities	1,180,210	1,241,066
Commitments and Contingencies (Note N)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; zero issued and outstanding at June 30, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized; 89,537,687 issued and 78,204,596 outstanding at June 30, 2024; 87,970,110 issued and 77,192,239 outstanding at December 31, 2023	893	877
Additional paid-in capital	1,257,430	1,249,460
Retained deficit	(171,194)	(204,159)
Treasury stock, at cost, 11,333,091 and 10,777,871 shares at June 30, 2024 and December 31, 2023, respectively	(202,632)	(196,745)
Accumulated other comprehensive income (loss)	2,857	(125)
Total U.S. Silica Holdings, Inc. stockholders' equity	887,354	849,308
Non-controlling interest	5,636	6,219
Total stockholders' equity	892,990	855,527
Total liabilities and stockholders' equity	\$ 2,073,200	\$ 2,096,593

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Sales:				
Product	\$ 263,891	\$ 322,514	\$ 525,685	\$ 671,183
Service	53,624	84,270	117,772	177,841
Total sales	317,515	406,784	643,457	849,024
Cost of sales (excluding depreciation, depletion and amortization):				
Product	169,461	206,116	348,175	435,320
Service	36,307	53,657	81,317	117,586
Total cost of sales (excluding depreciation, depletion and amortization)	205,768	259,773	429,492	552,906
Operating expenses:				
Selling, general and administrative	37,620	28,694	68,374	57,857
Depreciation, depletion and amortization	29,446	33,546	60,814	68,932
Total operating expenses	67,066	62,240	129,188	126,789
Operating income	44,681	84,771	84,777	169,329
Other (expense) income:				
Interest expense	(22,042)	(25,987)	(46,305)	(50,048)
Other income, net, including interest income	4,079	2,497	6,602	145
Total other expense	(17,963)	(23,490)	(39,703)	(49,903)
Income before income taxes	26,718	61,281	45,074	119,426
Income tax expense	(7,529)	(15,137)	(12,304)	(28,710)
Net income	\$ 19,189	\$ 46,144	\$ 32,770	\$ 90,716
Less: Net loss attributable to non-controlling interest	(88)	(115)	(195)	(191)
Net income attributable to U.S. Silica Holdings, Inc.	\$ 19,277	\$ 46,259	\$ 32,965	\$ 90,907
Earnings per share attributable to U.S. Silica Holdings, Inc.:				
Basic	\$ 0.25	\$ 0.60	\$ 0.42	\$ 1.18
Diluted	\$ 0.24	\$ 0.59	\$ 0.42	\$ 1.16
Weighted average shares outstanding:				
Basic	78,170	77,089	77,921	76,804
Diluted	79,676	78,338	79,346	78,309

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 19,189	\$ 46,144	\$ 32,770	\$ 90,716
Other comprehensive income (loss):				
Unrealized gain on derivatives (net of tax of \$171 and \$613) for the three months ended June 30, 2024 and 2023, respectively, and \$198 and \$304 for the six months ended June 30, 2024 and 2023, respectively.	539	1,924	623	955
Foreign currency translation adjustment (net of tax of \$(29) and \$16) for the three months ended June 30, 2024 and 2023, respectively, and \$(74) and \$87 for the six months ended June 30, 2024 and 2023, respectively.	(88)	51	(232)	273
Pension and other post-retirement benefits liability adjustment (net of tax of \$(69) and \$424) for the three months ended June 30, 2024 and 2023, respectively, and \$826 and \$431 for the six months ended June 30, 2024 and 2023, respectively.	(217)	1,330	2,591	1,352
Comprehensive income	\$ 19,423	\$ 49,449	\$ 35,752	\$ 93,296
Less: Comprehensive loss attributable to non-controlling interest	(88)	(115)	(195)	(191)
Comprehensive income attributable to U.S. Silica Holdings, Inc.	<u>\$ 19,511</u>	<u>\$ 49,564</u>	<u>\$ 35,947</u>	<u>\$ 93,487</u>

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; dollars in thousands)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total U.S. Silica Holdings Inc., Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
Balance at March 31, 2024	\$ 891	\$ (202,363)	\$ 1,253,497	\$ (190,471)	\$ 2,623	\$ 864,177	\$ 6,148	\$ 870,325
Net income (loss)	—	—	—	19,277	—	19,277	(88)	19,189
Unrealized gain on derivatives	—	—	—	—	539	539	—	539
Foreign currency translation adjustment	—	—	—	—	(88)	(88)	—	(88)
Pension and post-retirement liability	—	—	—	—	(217)	(217)	—	(217)
Distributions to non-controlling interest	—	—	—	—	—	—	(424)	(424)
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	3,935	—	—	3,935	—	3,935
Tax payments related to shares withheld for vested restricted stock and stock units	2	(269)	(2)	—	—	(269)	—	(269)
Balance at June 30, 2024	\$ 893	\$ (202,632)	\$ 1,257,430	\$ (171,194)	\$ 2,857	\$ 887,354	\$ 5,636	\$ 892,990
Balance at March 31, 2023	\$ 876	\$ (196,116)	\$ 1,238,098	\$ (306,436)	\$ (2,448)	\$ 733,974	\$ 7,583	\$ 741,557
Net income (loss)	—	—	—	46,259	—	46,259	(115)	46,144
Unrealized gain on derivatives	—	—	—	—	1,924	1,924	—	1,924
Foreign currency translation adjustment	—	—	—	—	51	51	—	51
Pension and post-retirement liability	—	—	—	—	1,330	1,330	—	1,330
Distributions to non-controlling interest	—	—	—	—	—	—	(351)	(351)
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	3,731	—	—	3,731	—	3,731
Tax payments related to shares withheld for vested restricted stock and stock units	1	(46)	(1)	—	—	(46)	—	(46)
Balance at June 30, 2023	\$ 877	\$ (196,162)	\$ 1,241,828	\$ (260,177)	\$ 857	\$ 787,223	\$ 7,117	\$ 794,340

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

	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive (Loss) Income	Total U.S. Silica Holdings Inc., Stockholders' Equity	Non- controlling Interest	Total Stockholders' Equity
Balance at December 31, 2023	\$ 877	\$ (196,745)	\$ 1,249,460	\$ (204,159)	\$ (125)	\$ 849,308	\$ 6,219	\$ 855,527
Net income (loss)	—	—	—	32,965	—	32,965	(195)	32,770
Unrealized gain on derivatives	—	—	—	—	623	623	—	623
Foreign currency translation adjustment	—	—	—	—	(232)	(232)	—	(232)
Pension and post-retirement liability	—	—	—	—	2,591	2,591	—	2,591
Distributions to non-controlling interest	—	—	—	—	—	—	(388)	(388)
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	7,986	—	—	7,986	—	7,986
Tax payments related to shares withheld for vested restricted stock and stock units	16	(5,887)	(16)	—	—	(5,887)	—	(5,887)
Balance at June 30, 2024	\$ 893	\$ (202,632)	\$ 1,257,430	\$ (171,194)	\$ 2,857	\$ 887,354	\$ 5,636	\$ 892,990
Balance at December 31, 2022	\$ 854	\$ (186,196)	\$ 1,234,834	\$ (351,084)	\$ (1,723)	\$ 696,685	\$ 8,009	\$ 704,694
Net income (loss)	—	—	—	90,907	—	90,907	(191)	90,716
Unrealized gain on derivatives	—	—	—	—	955	955	—	955
Foreign currency translation adjustment	—	—	—	—	273	273	—	273
Pension and post-retirement liability	—	—	—	—	1,352	1,352	—	1,352
Distributions to non-controlling interest	—	—	—	—	—	—	(701)	(701)
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	7,017	—	—	7,017	—	7,017
Tax payments related to shares withheld for vested restricted stock and stock units	23	(9,966)	(23)	—	—	(9,966)	—	(9,966)
Balance at June 30, 2023	\$ 877	\$ (196,162)	\$ 1,241,828	\$ (260,177)	\$ 857	\$ 787,223	\$ 7,117	\$ 794,340

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; dollars in thousands)

	Six Months Ended June 30,	
	2024	2023
Operating activities:		
Net income	\$ 32,770	\$ 90,716
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	60,814	68,932
Debt issuance amortization	1,274	1,836
Original issue discount amortization	2,056	1,295
Deferred income taxes	593	19,985
Deferred revenue	(1,954)	(9,153)
Gain on disposal of property, plant and equipment	(74)	(828)
Equity-based compensation	7,986	7,017
Allowance for credit losses, net of recoveries	(1,137)	68
Other	13,068	16,760
Changes in operating assets and liabilities:		
Accounts receivable	6,949	13,884
Inventories	7,783	(14,132)
Prepaid expenses and other current assets	8,358	6,504
Income taxes	4,411	3,234
Accounts payable and accrued expenses	(18,914)	(56,006)
Operating lease liabilities	(12,634)	(12,774)
Liability for pension and other post-retirement benefits	(5,002)	(2,553)
Other noncurrent assets and liabilities	(1,501)	(1,768)
Net cash provided by operating activities	<u>104,846</u>	<u>133,017</u>
Investing activities:		
Capital expenditures	(26,560)	(34,023)
Capitalized intellectual property costs	(131)	(173)
Proceeds from sale of property, plant and equipment	465	1,805
Net cash used in investing activities	<u>(26,226)</u>	<u>(32,391)</u>
Financing activities:		
Dividends paid	—	(23)
Tax payments related to shares withheld for vested restricted stock and stock units	(5,887)	(9,966)
Payments on short-term debt	(6,470)	(5,628)
Payments on long-term debt	(29,250)	(136,437)
Financing fees paid	(3,389)	(41,353)
Distributions to non-controlling interest	(388)	(701)
Principal payments on finance lease obligations	(772)	(402)
Net cash used in financing activities	<u>(46,156)</u>	<u>(194,510)</u>
Net increase (decrease) in cash and cash equivalents	32,464	(93,884)
Cash and cash equivalents, beginning of period	245,716	280,845
Cash and cash equivalents, end of period	\$ 278,180	\$ 186,961

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited; dollars in thousands)

	Six Months Ended June 30,	
	2024	2023
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 43,128	\$ 47,548
Taxes, net of refunds	\$ 7,035	\$ 5,477
Non-cash items:		
Accrued capital expenditures	\$ (4,234)	\$ 3,252

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

U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited; dollars in thousands, except per share amounts)

NOTE A—ORGANIZATION AND BASIS OF PRESENTATION

Organization

U.S. Silica Holdings, Inc. (“Holdings,” and together with its subsidiaries “we,” “us” or the “Company”) is a global performance materials company and a leading producer of commercial silica used in the oil and gas industry and in a wide range of industrial applications. In addition, through our subsidiary EP Minerals, LLC (“EPM”), we are an industry leader in the production of industrial minerals, including diatomaceous earth, clay (calcium bentonite and calcium montmorillonite) and perlite. During our 124-year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver products to customers across our end markets. Our operations are organized into two reportable segments based on end markets served: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. See Note T - Segment Reporting for more information on our reportable segments.

Basis of Presentation and Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements as of and for the three and six months ended June 30, 2024 included in this Quarterly Report on Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission (“SEC”). They do not contain certain information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023; therefore, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Operating results for the six-month period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024. In the opinion of management, all adjustments necessary for a fair presentation have been included. Such adjustments are of a normal, recurring nature.

The unaudited Condensed Consolidated Financial Statements include the accounts of Holdings and its direct and indirect wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Throughout this report we refer to (i) our unaudited Condensed Consolidated Balance Sheets as our “Balance Sheets,” (ii) our unaudited Condensed Consolidated Statements of Operations as our “Income Statements,” and (iii) our unaudited Condensed Consolidated Statements of Cash Flows as our “Cash Flows.”

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The areas requiring the use of management estimates and assumptions relate to the purchase price allocation for businesses acquired; mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of-production amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable minerals; estimates of allowance for credit losses; estimates of fair value for certain reporting units and asset impairments (including impairments of goodwill, intangible assets and other long-lived assets); write-downs of inventory to net realizable value; equity-based compensation expense; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; contingent considerations; reserves for contingencies and litigation and the fair value and accounting treatment of financial instruments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

New Accounting Pronouncements Recently Adopted

None.

New Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this Update do not change or remove current disclosure requirements as required by Topic 280. The amendments in this Update also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Public entities will be required to apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. We are currently evaluating the effect this guidance will have on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments in this Update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The amendments allow investors to better assess, in their capital allocation decisions, how an entity's worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. The other amendments in this Update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (SEC) Regulation S-X 210.4-08(h), Rules of General Application—General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. The amendments in this Update are effective for annual periods beginning after December 15, 2024. We are currently evaluating the effect this guidance will have on our disclosures.

NOTE C—EARNINGS PER SHARE

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is computed similarly to basic earnings per common share except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

Diluted net earnings per share assumes the conversion of contingently convertible securities and stock options under the treasury stock method, if dilutive. Contingently convertible securities and stock options are excluded from the calculation of fully diluted earnings per share if they are anti-dilutive, including when we incur a loss from continuing operations.

The following table shows the computation of basic and diluted earnings per share:

<i>In thousands, except per share amounts</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income attributable to U.S. Silica Holdings, Inc.	\$ 19,277	\$ 46,259	\$ 32,965	\$ 90,907
Denominator:				
Weighted average shares outstanding	78,170	77,089	77,921	76,804
Diluted effect of stock awards	1,506	1,249	1,425	1,505
Weighted average shares outstanding assuming dilution	79,676	78,338	79,346	78,309
Earnings per share attributable to U.S. Silica Holdings, Inc.:				
Basic earnings per share	\$ 0.25	\$ 0.60	\$ 0.42	\$ 1.18
Diluted earnings per share	\$ 0.24	\$ 0.59	\$ 0.42	\$ 1.16

Potentially dilutive shares are excluded from the calculation of diluted weighted average shares outstanding and diluted earnings per share if we are in a net loss position. Certain stock options, restricted stock awards and performance share units were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive. Such potentially dilutive shares and stock awards excluded from the calculation of diluted earnings per common share were as follows:

<i>In thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Potentially dilutive shares excluded	—	—	—	—
Stock options excluded	349	413	349	413
Restricted stock and performance share unit awards excluded	4	38	4	54

NOTE D—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of fair value adjustments associated with cash flow hedges, accumulated adjustments for net experience losses and prior service costs related to employee benefit plans and foreign currency translation adjustments, net of tax. The following table presents the changes in accumulated other comprehensive income (loss) by component (in thousands):

	For the Six Months Ended June 30, 2024			
	Unrealized (loss) gain on natural gas swaps	Foreign currency translation adjustments	Pension and other post- retirement benefits liability	Total
Beginning Balance	\$ (1,460)	\$ (981)	\$ 2,316	\$ (125)
Other comprehensive income (loss) before reclassifications	623	(232)	3,598	3,989
Amounts reclassified from accumulated other comprehensive income	—	—	(1,007)	(1,007)
Ending Balance	\$ (837)	\$ (1,213)	\$ 4,907	\$ 2,857

Any amounts reclassified from accumulated other comprehensive income (loss) related to pension and other post-retirement benefits are included in the computation of net periodic benefit costs at their pre-tax amounts.

NOTE E—ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of our accounts receivable, net of the allowance for credit losses, represents their estimated net realizable value. Accounts receivable (in thousands) consisted of the following:

	June 30, 2024	December 31, 2023
Trade receivables	\$ 182,610	\$ 190,189
Less: Allowance for credit losses	(4,090)	(5,323)
Net trade receivables	178,520	184,866
Other receivables	1,585	1,051
Total accounts receivable	\$ 180,105	\$ 185,917

We classify our trade receivables into the following portfolio segments: Oil & Gas Proppants and Industrial & Specialty Products, which also aligns with our reporting segments. We estimate the allowance for credit losses based on historical collection trends, the age of outstanding receivables, risks attributable to specific customers, such as credit history, bankruptcy or other going concern issues, and current economic and industry conditions. If events or circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due balances are written off when we have exhausted our internal and external collection efforts and have been unsuccessful in collecting the amount due.

The following table reflects the change of the allowance for credit losses (in thousands):

	Oil & Gas Proppants	Industrial & Specialty Products	Total
Beginning balance, December 31, 2023	\$ 3,823	\$ 1,500	\$ 5,323
Allowance for credit losses	(700)	(437)	(1,137)
Recoveries	47	—	47
Write-offs	(18)	(125)	(143)
Ending balance, June 30, 2024	<u>\$ 3,152</u>	<u>\$ 938</u>	<u>\$ 4,090</u>

Our ten largest customers accounted for 42% and 44% of total sales for the three and six months ended June 30, 2024, respectively, and 44% and 45% for the three and six months ended June 30, 2023, respectively. No customer accounted for 10% or more of our total sales for the three and six months ended June 30, 2024 or 2023. At June 30, 2024 and December 31, 2023, none of our customers' accounts receivable represented 10% or more of our total trade accounts receivable.

NOTE F—INVENTORIES

Inventories (in thousands) consisted of the following:

	June 30, 2024	December 31, 2023
Supplies	\$ 66,109	\$ 65,422
Raw materials and work in process	55,479	54,142
Finished goods	20,058	29,865
Total inventories	<u>\$ 141,646</u>	<u>\$ 149,429</u>

NOTE G—PROPERTY, PLANT AND MINE DEVELOPMENT

Property, plant and mine development (in thousands) consisted of the following:

	June 30, 2024	December 31, 2023
Mining property and mine development	\$ 799,957	\$ 793,582
Asset retirement cost	16,186	14,728
Land	54,083	53,100
Land improvements	87,800	87,618
Buildings	80,946	76,691
Machinery and equipment	1,269,499	1,253,734
Furniture and fixtures	3,046	2,841
Construction-in-progress	48,548	54,186
	2,360,065	2,336,480
Accumulated depreciation, depletion, amortization and impairment charges	(1,264,019)	(1,211,260)
Total property, plant and mine development, net	<u>\$ 1,096,046</u>	<u>\$ 1,125,220</u>

Depreciation, depletion, and amortization expense related to property, plant and mine development was \$26.1 million and \$30.5 million for the three months ended June 30, 2024 and 2023, respectively, and \$54.2 million and \$62.8 million for the six months ended June 30, 2024 and 2023, respectively.

NOTE H—GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill (in thousands) by business segment consisted of the following:

	Oil & Gas Proppants Segment	Industrial & Specialty Products Segment	Total
Balance at December 31, 2023	\$ —	\$ 185,649	\$ 185,649
Impairment loss	—	—	—
Balance at June 30, 2024	\$ —	\$ 185,649	\$ 185,649

Goodwill and trade names are evaluated for impairment annually as of October 31, or more frequently when indicators of impairment exist. We evaluated events and circumstances since the date of our last qualitative assessment, including macroeconomic conditions, industry and market conditions, and our overall financial performance. There were no triggering events during the first six months of 2024, therefore, no impairment charges were recorded related to goodwill or trade names for the six months ended June 30, 2024.

The changes in the carrying amount of intangible assets (in thousands) consisted of the following:

	June 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Technology and intellectual property	\$ 72,048	\$ (37,353)	\$ 34,695	\$ 71,936	\$ (34,894)	\$ 37,042
Customer relationships	66,999	(39,998)	27,001	66,999	(37,597)	29,402
Total definite-lived intangible assets:	\$ 139,047	\$ (77,351)	\$ 61,696	\$ 138,935	\$ (72,491)	\$ 66,444
Trade names	64,240	—	64,240	64,240	—	64,240
Other	700	—	700	700	—	700
Total intangible assets:	\$ 203,987	\$ (77,351)	\$ 126,636	\$ 203,875	\$ (72,491)	\$ 131,384

Estimated useful life of technology and intellectual property is 15 years. Estimated useful life of customer relationships is a range of 13 - 20 years.

Amortization expense was \$2.4 million and \$4.9 million for the three and six months ended June 30, 2024, respectively, and \$2.5 million and \$4.9 million for the three and six months ended June 30, 2023, respectively.

The estimated amortization expense related to definite-lived intangible assets (in thousands) for the five succeeding years is as follows:

2024 (remaining six months)	\$	4,864
2025	\$	9,721
2026	\$	9,721
2027	\$	9,721
2028	\$	9,682

NOTE I—DEBT

Debt (in thousands) consisted of the following:

	June 30, 2024	December 31, 2023
Senior secured credit facility:		
Revolver expiring March 23, 2028 (10.09% at June 30, 2024 and 10.21% at December 31, 2023)	\$ —	\$ —
Term Loan—final maturity March 23, 2030 (9.34% at June 30, 2024 and 10.21% at December 31, 2023)	838,813	868,063
Less: Unamortized original issue discount	(23,557)	(24,183)
Less: Unamortized debt issuance cost	(12,134)	(13,421)
Insurance financing notes payable	—	6,470
Finance leases (See Note P - Leases)	4,521	3,108
Total debt	807,643	840,037
Less: current portion	(10,171)	(16,367)
Total long-term portion of debt	\$ 797,472	\$ 823,670

Senior Secured Credit Facility

On March 23, 2023, we entered into the Fourth Amended and Restated Credit Agreement (the "Credit Agreement"), by entering into a new \$1.1 billion senior secured credit facility, consisting of a \$950 million Term Loan (the "Term Loan") and a \$150 million revolving credit facility (the "Revolver") (collectively the "Credit Facility") that may also be used for swingline loans or letters of credit, and we may elect to increase the term loan or the revolving credit facility in accordance with the terms of the Credit Agreement. Borrowings under the Credit Agreement will bear interest at variable rates as determined at our election, based on the Term Secured Overnight Financing Rate ("SOFR") or a base rate, in each case, plus an applicable margin. In addition, under the Credit Agreement, we are required to pay a per annum commitment fee to revolving lenders and fees for letters of credit. The Credit Agreement is secured by substantially all of our assets and our domestic subsidiaries' assets and a pledge of the equity interests in such entities. The Term Loan matures on March 23, 2030, and the Revolver expires March 23, 2028. We capitalized \$45.9 million in debt issuance costs and original issue discount as a result of the Credit Agreement. Additionally, as a result of the exit of certain lending parties, a portion of debt issuance and original discount costs were written off which resulted in additional expense of approximately \$4.3 million. This was recorded as a loss on the extinguishment of debt, which was recorded in Other (expense) income, net, including interest income in the Condensed Consolidated Statements of Operations.

During the first quarter of 2024, we entered into Amendment No. 1 to the Credit Agreement (the "Repricing Amendment"), which amends certain terms of the Credit Agreement. The Repricing Amendment reduces the applicable interest rate margins on the Term Loans by 75 basis points to 3.00% (for the Term Loans bearing interest at rates based on the base rate) and to 4.00% (for the Term Loans bearing interest at rates based on the SOFR). The Repricing Amendment also allows us to enter into a repricing transaction without prepayment premium if such repricing transaction occurs after September 25, 2024. The maturity dates of March 23, 2030 with respect to the Term Loans and March 23, 2028 with respect to the revolving credit facility and all other material provisions under the Credit Agreement remain unchanged. We capitalized approximately \$2.4 million of debt issuance costs and original issue discount as a result of the Repricing Amendment.

In conjunction with the Repricing Amendment, we completed a voluntary Term Loan principal repayment of \$25 million. A proportionate share of debt issuance and original discount costs were written off in conjunction with the prepayments of this debt which resulted in additional expense of \$1.0 million. These expenses were recorded in Other (expense) income, net, including interest income in the Consolidated Statements of Operations.

The Credit Facility contains covenants that, among other things, limit our ability, and certain of our subsidiaries' abilities, to create, incur or assume indebtedness and liens, to make acquisitions or investments, to sell assets and to pay dividends. The Credit Agreement also requires us to maintain a consolidated leverage ratio of no more than 4.00:1.00 as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 35% of the Revolver commitment. These covenants are subject to a number of important exceptions and qualifications. The Credit Agreement includes events of default and other affirmative and negative covenants that are usual for facilities and transactions of this type. As of June 30, 2024 and December 31, 2023, we were in compliance with all covenants in accordance with our senior secured Credit Facility.

Term Loan

At June 30, 2024, contractual maturities of our Term Loan (in thousands) are as follows:

2024 (remaining six months)	\$	4,250
2025		8,500
2026		8,500
2027		8,500
2028		8,500
Thereafter		800,563
Total	\$	<u>838,813</u>

Revolving Line-of-Credit

We have a \$150.0 million Revolver with zero drawn and \$15.3 million allocated for letters of credit as of June 30, 2024, leaving \$134.7 million available under the Revolver. Based on our consolidated leverage ratio of 2.29:1.00 as of June 30, 2024, we have access to the full availability of the Revolver.

NOTE J—ASSET RETIREMENT OBLIGATIONS

Mine reclamation or future remediation costs for inactive mines are accrued based on management's best estimate at the end of each period of the costs expected to be incurred at such site at the expected abandonment date. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised. Liabilities related to our asset retirement obligations are reflected in other long-term liabilities on our balance sheets. Changes in the asset retirement obligations (in thousands) are as follows:

	Six Months Ended June 30,	
	2024	2023
Beginning balance	\$ 30,414	\$ 20,732
Accretion	1,224	1,025
Additions and revisions of estimates	1,469	1,187
Payments	(467)	(14)
Ending balance	\$ 32,640	\$ 22,930

NOTE K—FAIR VALUE ACCOUNTING

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Cash Equivalents

Due to the short-term maturity, we believe our cash equivalent instruments approximated their reported carrying values, therefore we have classified our cash equivalents as Level 1 of the fair value hierarchy.

Long-Term Debt, Including Current Maturities

The fair values of our long-term debt, including current maturities, approximated their carrying values based on their effective interest rates compared to current market rates, therefore we have classified our long-term debt as Level 1 of the fair value hierarchy.

Derivative Instruments

The estimated fair value of our derivative instruments is recorded at each reporting period and is determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Therefore, we have classified these swap agreements as Level 2 of the fair value hierarchy.

NOTE L—DERIVATIVE INSTRUMENTS

Cash Flow Hedges of Natural Gas Price Risk

Natural gas is the primary fuel source used for drying in the commercial silica production process. In the past, the price of natural gas has been volatile, and we believe this volatility may continue. In order to manage our exposure to natural gas price increases, we entered into natural gas swaps. The derivative instruments are recorded on the balance sheet within other current or long-term assets or liabilities based on maturity dates at their fair values. As of June 30, 2024, the fair value of our natural gas swaps was a liability of \$1.1 million, of which \$1.1 million was classified within accounts payable and accrued liabilities on our balance sheet. At December 31, 2023, the fair value of our natural gas swaps was a liability of \$1.9 million, of which \$1.8 million was classified within accounts payable and accrued liabilities on our balance sheet and \$0.1 million was classified within other long-term obligations on our balance sheet.

We designated the natural gas swap agreements as qualified cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument was reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings.

The following table summarizes the fair values of our derivative instruments (in thousands, except contract/notional amount). See Note K - Fair Value Accounting for more information regarding the estimated fair values of our derivative instruments.

	June 30, 2024				December 31, 2023			
	Maturity Date	Contract/Notional Amount (MMBtu)	Carrying Amount	Fair Value	Maturity Date	Contract/Notional Amount (MMBtu)	Carrying Amount	Fair Value
Natural Gas - W. Texas (WAHA) - Inside FERC	2024	870,000	\$ (871)	\$ (871)	2024	870,000	\$ (1,542)	\$ (1,542)
Natural Gas - W. Texas (WAHA) - Inside FERC	2024	750,000	\$ —	\$ —	2024	750,000	\$ (11)	\$ (11)
Natural Gas - Henry Hub - NYMEX	2024	120,000	\$ (113)	\$ (113)	2024	120,000	\$ (258)	\$ (258)
Natural Gas - Henry Hub - NYMEX	2025	90,000	\$ (121)	\$ (121)	2025	90,000	\$ (115)	\$ (115)

During the six months ended June 30, 2024, we had no ineffectiveness for the natural gas swap derivatives.

The following table summarizes the effect of derivative instruments (in thousands) on our income statements and our consolidated statements of comprehensive income:

	Six Months Ended June 30,	
	2024	2023
Deferred losses from derivatives in OCI, beginning of period	\$ (1,460)	\$ (2,342)
Gain recognized in OCI from derivative instruments	623	955
Deferred losses from derivatives in OCI, end of period	\$ (837)	\$ (1,387)

NOTE M—EQUITY-BASED COMPENSATION

In July 2011, we adopted the U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan (the “2011 Plan”), which was amended and restated effective May 2015, amended and restated effective February 1, 2020, amended and restated effective May 13, 2021, amended and restated effective May 12, 2022, amended and restated effective May 11, 2023, and amended and restated effective May 9, 2024. The 2011 Plan provides for grants of stock options, restricted stock, performance share units and other incentive-based awards. We believe our 2011 Plan aligns the interests of our employees and directors with those of our common stockholders. We use a combination of treasury stock and new shares, if necessary, to satisfy option exercises or vesting of restricted awards and performance share units.

Stock Options

The following table summarizes the status of, and changes in, our stock option awards during the six months ended June 30, 2024:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Outstanding at December 31, 2023	349,080	\$ 37.24	1.1 years
Granted	—	\$ —	
Exercised	—	\$ —	
Forfeited	—	\$ —	
Expired	—	\$ —	
Outstanding at June 30, 2024	349,080	\$ 37.24	0.6 years
Exercisable at June 30, 2024	349,080	\$ 37.24	0.6 years

There were no grants of stock options during the three and six months ended June 30, 2024 and 2023.

There was no stock option exercise activity during the three and six months ended June 30, 2024 and 2023.

As of June 30, 2024 and 2023, there was no unrecognized compensation expense related to these options. We account for forfeitures as they occur.

Restricted Stock and Restricted Stock Unit Awards

The following table summarizes the status of, and changes in, our unvested restricted stock awards during the six months ended June 30, 2024:

	Number of Shares	Grant Date Weighted Average Fair Value
Unvested, December 31, 2023	1,253,979	\$ 11.33
Granted	901,647	\$ 11.12
Vested	(587,331)	\$ 10.88
Forfeited	(39,556)	\$ 12.08
Unvested, June 30, 2024	1,528,739	\$ 11.36

We granted 69,032 and 901,647 restricted stock and restricted stock unit awards during the three and six months ended June 30, 2024, respectively. We granted 141,671 and 635,605 restricted stock and restricted stock units during the three and six months ended June 30, 2023, respectively. The fair value of the awards was based on the market price of our stock at date of grant.

We recognized \$2.1 million and \$4.3 million of equity-based compensation expense related to restricted stock and restricted stock units during the three and six months ended June 30, 2024, respectively. We recognized \$1.9 million and \$3.5 million of equity-based compensation expense related to restricted stock and restricted stock units during the three and six months ended June 30, 2023, respectively. As of June 30, 2024, there was \$13.7 million of unrecognized compensation expense related to these restricted stock and restricted stock units, which is expected to be recognized over a weighted-average period of 2.0 years.

We also granted cash awards during the three months ended March 31, 2020. These awards vested over a period of three years and were settled in cash. As such, these awards were classified as liability instruments. No expense was recognized related to these awards for the three and six months ended June 30, 2024. We recognized zero and \$0.3 million of expense related to these awards for the three and six months ended June 30, 2023, respectively. The liability for these awards was included in accounts payable and other accrued expenses on our balance sheets. These awards were remeasured at fair value each reporting period with resulting changes reflected in our income statements. As of June 30, 2024, there was no unrecognized expense related to these awards.

Performance Share Unit Awards

The following table summarizes the status of, and changes in, our performance share unit awards during the six months ended June 30, 2024:

	Number of Shares	Grant Date Weighted Average Fair Value
Unvested, December 31, 2023	1,874,060	\$ 11.73
Granted	1,108,767	\$ 11.59
Vested	(977,487)	\$ 10.54
Forfeited/Cancelled	(102,364)	\$ 14.85
Unvested, June 30, 2024	<u>1,902,976</u>	<u>\$ 12.09</u>

We granted 1,408 and 1,108,767 performance share unit awards during the three and six months ended June 30, 2024, respectively. We granted 5,924 and 1,295,904 performance share units during the three and six months ended June 30, 2023, respectively. A portion of these awards was measured against total shareholder return ("TSR"), and a portion was measured against adjusted free cash flow ("ACF") targets. The grant date weighted average fair value of these awards was estimated to be \$11.59 and \$9.54 for the six months ended June 30, 2024 and 2023, respectively.

The number of TSR measured units that will vest will depend on the percentage ranking of our TSR compared to the TSR for each of the companies in the peer group over the three year period from January 1, 2024 through December 31, 2026 for the 2024 grant, January 1, 2023 through December 31, 2025 for the 2023 grant, and January 1, 2022 through December 31, 2024 for the 2022 grant. The number of ACF measured units that will vest will be based on ACF achievement versus target. The ACF targets are set annually and are approved by the Board of Directors. The related compensation expense is recognized on a straight-line basis over the vesting period.

The grant date fair value for the TSR awards was estimated using a Monte Carlo simulation model. The Monte Carlo simulation model requires the use of highly subjective assumptions. Our key assumptions in the model included the price and the expected volatility of our common stock and our self-determined peer group companies' stock, risk-free rate of interest, dividend yields and cross-correlations between our common stock and our self-determined peer group companies' stock.

We recognized \$1.8 million and \$3.7 million of compensation expense related to performance share unit awards during the three and six months ended June 30, 2024, respectively. We recognized \$1.8 million and \$3.5 million of compensation expense related to performance share unit awards during the three and six months ended June 30, 2023, respectively. As of June 30, 2024, there was \$13.2 million of unrecognized compensation expense related to these performance share unit awards, which is expected to be recognized over a weighted-average period of 2.1 years.

We also granted cash awards during the three months ended March 31, 2020. These awards vested over a period of three years and were settled in cash. As such, these awards were classified as liability instruments. We recognized zero and \$0.1 million of expense related to these awards for the six months ended June 30, 2024 and 2023, respectively. The liability for these awards was included in accounts payable and other accrued expenses on our balance sheets. These awards were remeasured at fair value each reporting period with resulting changes reflected in our income statements. As of June 30, 2024, there was no unrecognized expense related to these awards.

NOTE N—COMMITMENTS AND CONTINGENCIES

Future Minimum Annual Commitments at June 30, 2024 (in thousands):

	Minimum Purchase Commitments
2024 (remaining six months)	\$ 3,645
2025	6,661
2026	4,520
2027	1,648
2028	1,648
Thereafter	1,600
Total future purchase commitments	<u>\$ 19,722</u>

Minimum Purchase Commitments

We enter into service agreements with our transload and transportation providers as well as commodity suppliers. Some of these agreements require us to purchase a minimum amount of services over a specific period of time. Any inability to meet these minimum contract requirements requires us to pay a shortfall fee, which is based on the difference between the minimum amount contracted for and the actual amount purchased.

Contingent Liability on Royalty Agreement

On May 17, 2017, we purchased reserves in Crane County, Texas, for \$94.4 million cash plus contingent consideration. The contingent consideration is a royalty that is based on the tonnage shipped to third-parties. Because the contingent consideration is dependent on future tonnage sold, the amounts of which are uncertain, it is not currently possible to estimate the fair value of these future payments. The contingent consideration will be capitalized at the time a payment is probable and reasonably estimable, and the related depletion expense will be adjusted prospectively.

Other Commitments and Contingencies

Our operating subsidiary, U.S. Silica Company (“U.S. Silica”), has been named as a defendant in various product liability claims alleging silica exposure causing silicosis. During the six months ended June 30, 2024, no new claims were brought against U.S. Silica. As of June 30, 2024, there were 39 active silica-related product liability claims pending in which U.S. Silica is a defendant. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, it is not reasonably possible that the ultimate resolution of these matters will have a material adverse effect on our financial position or results of operations that exceeds the accrual amounts.

We have recorded estimated liabilities for these claims in other long-term liabilities and an estimate of future recoveries under insurance in other assets on our consolidated balance sheets. For both June 30, 2024 and December 31, 2023, other non-current assets included zero for insurance for third-party product liability claims. As of June 30, 2024 and December 31, 2023 other long-term liabilities included \$0.8 million and \$0.9 million, respectively, for third-party product liability claims.

Obligations under Guarantees

We have indemnified our insurers against any loss they may incur in the event that holders of surety bonds, issued on our behalf, execute the bonds. As of June 30, 2024, there was \$55.8 million in bonds outstanding, of which \$51.8 million related to reclamation requirements issued by various governmental authorities. Reclamation bonds remain outstanding until the mining area is reclaimed and the authority issues a formal release. The remaining bonds relate to licenses, permits, and tax collection.

NOTE O—PENSION AND POST-RETIREMENT BENEFITS

We maintain a single-employer noncontributory defined benefit pension plan covering certain employees. The plan is frozen to all new employees. The plan provides benefits based on each covered employee's years of qualifying service. Our funding policy is to contribute amounts within the range of the minimum required and maximum deductible contributions for the plan consistent with a goal of appropriate minimization of the unfunded projected benefit obligations. The pension plan uses a benefit level per year of service for covered hourly employees and a final average pay method for covered salaried employees. The plan uses the projected unit credit cost method to determine the actuarial valuation.

In addition, we provide defined benefit post-retirement health care and life insurance benefits to some employees. Covered employees become eligible for these benefits at retirement after meeting minimum age and service requirements. The projected future cost of providing post-retirement benefits, such as healthcare and life insurance, is recognized as an expense as employees render services. In general, retiree health benefits are paid as covered expenses are incurred. Expenses incurred other than service costs are reported in Other (expense) income in our Condensed Consolidated Statements of Operations.

Net pension benefit cost (in thousands) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ 483	\$ 573	\$ 966	\$ 1,146
Interest cost	1,084	1,249	2,168	2,497
Expected return on plan assets	(1,159)	(1,518)	(2,318)	(3,037)
Net amortization and deferral	13	(3)	26	(5)
Net pension benefit costs	\$ 421	\$ 301	\$ 842	\$ 601

Net post-retirement benefit cost (in thousands) consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ 2	\$ 4	\$ 4	\$ 8
Interest cost	79	80	158	160
Unrecognized prior service cost	(516)	(516)	(1,031)	(1,031)
Unrecognized net gain	(166)	(131)	(332)	(262)
Net post-retirement benefit income	\$ (601)	\$ (563)	\$ (1,201)	\$ (1,125)

We made contributions to the qualified pension plan of \$0.9 million for the three and six months ended June 30, 2024 and we made no contributions to the qualified pension plans for the three and six months ended June 30, 2023. Our best estimates of expected required contributions to the pension and post-retirement medical benefit plans for the 2024 fiscal year are \$4.8 million and \$0.9 million, respectively.

We contribute to three multiemployer defined benefit pension plans under the terms of collective-bargaining agreements for union-represented employees. A multiemployer plan is subject to collective bargaining for employees of two or more unrelated companies. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan. Multiemployer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions. However, in most cases, management is not directly represented. Our contributions to individual multiemployer pension funds did not exceed 5% of the fund's total contributions for the three and six months ended June 30, 2024 and 2023. Additionally, our contributions to multiemployer post-retirement benefit plans were immaterial for all periods presented in the accompanying condensed consolidated financial statements.

We also sponsor a defined contribution plan covering certain employees. We contribute to the plan in two ways. For certain employees not covered by the defined benefit plan, we make a contribution equal to 4% of their salary. For all other eligible employees, we make a contribution up to 6% of eligible earnings. Contributions were \$1.8 million and \$4.6 million for the three and six months ended June 30, 2024, respectively, and \$2.0 million and \$4.1 million for the three and six months ended June 30, 2023, respectively.

NOTE P— LEASES

We lease railroad cars, office space, mining property, mining/processing equipment and transportation and other equipment. The majority of our leases have remaining lease terms of approximately one year to 20 years. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We have lease agreements with lease and non-lease components, the latter of which are generally accounted for separately.

Supplemental balance sheet information related to leases was as follows (in thousands, except lease term and discount rate):

Leases	Classification	June 30, 2024	December 31, 2023
Assets			
Operating	Lease right-of-use assets	\$ 37,137	\$ 37,890
Finance	Lease right-of-use assets	4,745	3,205
Total leased assets		\$ 41,882	\$ 41,095
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	\$ 16,666	\$ 18,569
Finance	Current portion of long-term debt	1,671	1,147
Non-current			
Operating	Operating lease liabilities	51,069	55,089
Finance	Long-term debt, net	2,850	1,961
Total lease liabilities		\$ 72,256	\$ 76,766
Lease Term and Discount Rate			
Weighted average remaining lease term:			
Operating		6.1 years	6.2 years
Finance		5.7 years	4.8 years
Weighted average discount rate:			
Operating		7.1%	6.3%
Finance		8.3%	6.6%

The components of lease expense (in thousands) were as follows:

Lease Costs	Classification	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating lease costs ⁽¹⁾	Cost of sales	\$ 8,835	\$ 10,320	\$ 17,943	\$ 20,695
Operating lease costs ⁽²⁾	Selling, general and administrative	425	748	844	1,343
Total ⁽³⁾		\$ 9,260	\$ 11,068	\$ 18,787	\$ 22,038

⁽¹⁾ Included short-term operating lease costs of \$5.1 million and \$10.0 million for the three and six months ended June 30, 2024, respectively, and \$6.6 million and \$13.4 million for the three and six months ended June 30, 2023, respectively.

⁽²⁾ Included short-term operating lease costs of \$0.1 million and \$0.2 million for the three and six months ended June 30, 2024, respectively, and \$0.4 million and \$0.7 million for the three and six months ended June 30, 2023 respectively.

⁽³⁾ Not included were expenses for finance leases of \$0.4 million and \$0.7 million for the three and six months ended June 30, 2024, respectively, and \$0.2 million and \$0.4 million for the three and six months ended June 30, 2023, respectively.

Supplemental cash flow information (in thousands) related to leases was as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 12,634	\$ 12,774
Financing cash flows for finance leases	\$ 919	\$ 473
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 5,980	\$ 3,376
Finance leases	\$ 2,185	\$ 273

Maturities of lease liabilities (in thousands) as of June 30, 2024:

	Operating leases	Finance leases
2024 (remaining six months)	\$ 11,347	\$ 930
2025	18,210	1,768
2026	14,305	1,604
2027	10,692	672
2028	8,449	46
Thereafter	21,762	143
Total lease payments	\$ 84,765	\$ 5,163
Less: Interest	15,534	642
Less: Other operating expenses	1,496	—
Total	\$ 67,735	\$ 4,521

NOTE Q— INCOME TAXES

For interim period reporting, we record income taxes using an estimated annual effective tax rate based upon projected annual income, forecasted permanent tax differences, discrete items and statutory rates in states in which we operate. At the end of each interim period, we update the estimated annual effective tax rate, and if the estimated tax rate changes based on new information, we make a cumulative adjustment in the period. We record the tax effect of an unusual or infrequently occurring item in the interim period in which it occurs as a discrete item of tax.

For the three and six months ended June 30, 2024, we had tax expense of \$7.5 million and \$12.3 million, respectively, and for the three and six months ended June 30, 2023, we had tax expense of \$15.1 million and \$28.7 million, respectively. The effective tax rates were 28% and 27% for the three and six months ended June 30, 2024 and 25% and 24% for the three and six months ended June 30, 2023, respectively. Without discrete items, which primarily consist of the tax impact of non-US income taxes, the effective tax rates for the three and six months ended June 30, 2024 would have been 27% and 26%, respectively, and 24% and 25% for the three and six months ended June 30, 2023, respectively.

During both the three and six months ended June 30, 2024, we recorded tax benefits of \$0.1 million related to equity compensation. During the three and six months ended June 30, 2023, we recorded tax expense of \$0.2 million and a tax benefit of \$2.1 million, respectively, related to equity compensation.

Historically, our actual effective tax rates have differed from the statutory effective rate primarily due to the benefit received from statutory percentage depletion allowances. The deduction for statutory percentage depletion does not necessarily change proportionately to changes in income before income taxes. For the three and six months ended June 30, 2024, the benefit received from statutory percentage depletion allowances was offset by nondeductible executive compensation, nondeductible deal costs and state income taxes.

NOTE R— REVENUE

We consider sales disaggregated at the product and service level by business segment to depict how the nature, amount, timing and uncertainty of revenues and cash flow are impacted by changes in economic factors. The following table disaggregates our sales by major source (in thousands):

Category	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	Oil & Gas Proppants	Industrial & Specialty Products	Total Sales	Oil & Gas Proppants	Industrial & Specialty Products	Total Sales
Product	\$ 112,635	\$ 151,256	\$ 263,891	\$ 178,015	\$ 144,499	\$ 322,514
Service	53,624	—	53,624	84,270	—	84,270
Total Sales	\$ 166,259	\$ 151,256	\$ 317,515	\$ 262,285	\$ 144,499	\$ 406,784

Category	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Oil & Gas Proppants	Industrial & Specialty Products	Total Sales	Oil & Gas Proppants	Industrial & Specialty Products	Total Sales
Product	\$ 231,659	\$ 294,026	\$ 525,685	\$ 384,457	\$ 286,726	\$ 671,183
Service	117,772	—	117,772	177,841	—	177,841
Total Sales	\$ 349,431	\$ 294,026	\$ 643,457	\$ 562,298	\$ 286,726	\$ 849,024

The following tables reflect the changes in our contract assets, which we classify as unbilled receivables and our contract liabilities, which we classify as deferred revenues, for the six months ended June 30, 2024 and 2023 (in thousands):

	Unbilled Receivables	
	June 30, 2024	June 30, 2023
Beginning Balance	\$ —	\$ —
Reclassifications to billed receivables	—	—
Revenues recognized in excess of period billings	2,286	—
Ending Balance	\$ 2,286	\$ —

	Deferred Revenue	
	June 30, 2024	June 30, 2023
Beginning Balance	\$ 15,512	\$ 30,752
Revenues recognized from balances held at the beginning of the period	(2,084)	(9,153)
Revenues deferred from period collections on unfulfilled performance obligations	—	—
Revenues recognized from period collections	—	—
Ending Balance	\$ 13,428	\$ 21,599

We have elected to use the practical expedients allowed under ASC 606-10-50-14, pursuant to which we have excluded disclosures of transaction prices allocated to remaining performance obligations and when we expect to recognize such revenue. The majority of our remaining performance obligations are primarily comprised of unfulfilled product, transportation service, and labor service orders, all of which hold a remaining duration of less than one year. The long-term portion of deferred revenue primarily represents a combination of refundable and nonrefundable customer prepayments for which related current performance obligations do not yet exist, but are expected to arise, before the expiration of the contract. Our residual unfulfilled performance obligations are comprised primarily of long-term equipment rental arrangements in which we recognize revenues equal to what we have a right to invoice. Generally, no variable consideration exists related to our remaining performance obligations and no consideration is excluded from the associated transaction prices.

Foreign Operations

The following table includes information related to our foreign operations (in thousands):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Total Sales	\$ 18,482	\$ 25,817	\$ 39,952	\$ 55,749
Pre-tax income	\$ 6,595	\$ 4,299	\$ 13,542	\$ 11,201
Net income	\$ 5,210	\$ 3,396	\$ 10,698	\$ 8,848

Foreign operations constituted approximately \$17.1 million and \$33.7 million of consolidated assets as of June 30, 2024 and 2023, respectively.

NOTE S— RELATED PARTY TRANSACTIONS

There were no related party transactions during the three and six months ended June 30, 2024 or 2023.

NOTE T— SEGMENT REPORTING

Our business is organized into two reportable segments, Oil & Gas Proppants and Industrial & Specialty Products, based on end markets. The reportable segments are consistent with how management views the markets that we serve and the financial information reviewed by the chief operating decision maker. We manage our Oil & Gas Proppants and Industrial & Specialty Products businesses as components of an enterprise for which separate information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance.

In the Oil & Gas Proppants segment, we serve the oil and gas recovery market primarily by providing and delivering fracturing sand, or “frac sand,” which is pumped down oil and natural gas wells to prop open rock fissures and increase the flow rate of oil and natural gas from the wells.

The Industrial & Specialty Products segment consists of over 800 product types and materials used in a variety of industries, including container glass, fiberglass, specialty glass, flat glass, building products, fillers and extenders, foundry products, chemicals, recreation products and filtration products.

An operating segment’s performance is primarily evaluated based on segment contribution margin, which excludes selling, general, and administrative costs, depreciation, depletion and amortization, corporate costs, plant capacity expansion expenses, and facility closure costs. We believe that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of our segments. However, segment contribution margin is a non-GAAP measure and should be considered in addition to, not a substitute for, or superior to, net income (loss) or other measures of financial performance prepared in accordance with GAAP. The other accounting policies of each of the two reportable segments are the same as those in Note B - Summary of Significant Accounting Policies to the Consolidated Financial Statements in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

The following table presents sales and segment contribution margin (in thousands) for the reportable segments and other operating results not allocated to the reportable segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Sales:				
Oil & Gas Proppants	\$ 166,259	\$ 262,285	\$ 349,431	\$ 562,298
Industrial & Specialty Products	151,256	144,499	294,026	286,726
Total sales	317,515	406,784	643,457	849,024
Segment contribution margin:				
Oil & Gas Proppants	55,683	99,069	115,198	208,966
Industrial & Specialty Products	57,613	51,595	103,562	94,524
Total segment contribution margin	113,296	150,664	218,760	303,490
Operating activities excluded from segment cost of sales	(1,549)	(3,653)	(4,795)	(7,372)
Selling, general and administrative	(37,620)	(28,694)	(68,374)	(57,857)
Depreciation, depletion and amortization	(29,446)	(33,546)	(60,814)	(68,932)
Interest expense	(22,042)	(25,987)	(46,305)	(50,048)
Other income, net, including interest income	4,079	2,497	6,602	145
Income tax expense	(7,529)	(15,137)	(12,304)	(28,710)
Net income	\$ 19,189	\$ 46,144	\$ 32,770	\$ 90,716
Less: Net loss attributable to non-controlling interest	(88)	(115)	(195)	(191)
Net income attributable to U.S. Silica Holdings, Inc.	\$ 19,277	\$ 46,259	\$ 32,965	\$ 90,907

Asset information, including capital expenditures and depreciation, depletion, and amortization, by segment is not included in reports used by management in its monitoring of performance and, therefore, is not reported by segment. At both June 30, 2024 and December 31, 2023, goodwill of \$185.6 million has been allocated to these segments with zero allocated to Oil & Gas Proppants and \$185.6 million to Industrial & Specialty Products.

NOTE U— SUBSEQUENT EVENTS

On July 31, 2024, pursuant to the Agreement and Plan of Merger, dated as of April 26, 2024 (the “Merger Agreement”), by and among the Company, Star Holding LLC (“Parent”) and Star Merger Co. (“Merger Sub”), Merger Sub merged with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly owned subsidiary of Parent. The total amount of consideration payable to the Company’s securityholders in connection with the Merger was approximately \$1.28 billion. The funds used by Parent to consummate the Merger and complete the related transactions came from proceeds from Parent’s issuance of 8.750% Senior Secured Notes due 2031, borrowings pursuant to a First Lien Credit Agreement, by and among Parent, as borrower, certain funds affiliated or controlled by Parent, BNP Paribas, as administrative agent, and the lenders party thereto, a cash equity contribution from certain funds affiliated or controlled by Parent, and cash from the Company’s balance sheet.

On July 31, 2024, the New York Stock Exchange (“NYSE”) filed with the SEC a notification of removal from listing and registration on Form 25 to effect the delisting of all shares of the Company’s Common Stock from the NYSE, as well as the deregistration of the Company’s Common Stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As a result, the Company’s Common Stock will no longer be listed on the NYSE. After effectiveness of the Form 25, the Company intends to file with the SEC a certification and notice of termination on Form 15 to terminate the registration of the Common Stock under the Exchange Act and suspend the Company’s reporting obligations under Section 13 and Section 15(d) of the Exchange Act.

We evaluated subsequent events through the date the consolidated financial statements were available for issuance and did not identify any additional events requiring disclosure.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the unaudited condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q as well as the consolidated financial statements, the accompanying notes and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”), contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Annual Report”).

Adjusted EBITDA and segment contribution margin as used herein are non-GAAP measures. For a detailed description of Adjusted EBITDA and segment contribution margin and reconciliations to their most comparable GAAP measures, please see the discussion below under “How We Evaluate Our Business.”

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 27A of the Securities Act of 1933, as amended. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “could,” “can have,” “likely” and other words and terms of similar meaning.

For example, all statements we make relating to our estimated and projected costs and cost reduction programs; the impact on our costs of heightened levels of inflation and rising interest rates; reserve and finished products estimates; demand for our products; the strategies of our customers; anticipated expenditures, cash flows, growth rates and financial results; our plans and objectives for future operations, growth or initiatives; strategies and their anticipated effect on our performance and liquidity; and the expected outcome or impact of pending or threatened litigation are forward-looking statements.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expect, including but not limited to: global economic conditions; fluctuations in demand for commercial silica, diatomaceous earth, perlite, clay and cellulose; fluctuations in demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing; changes in production spending by companies in the oil

and gas industry and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world including the ongoing conflicts between Russia and Ukraine and between Israel and Hamas; pricing pressure; cost inflation; weather and seasonal factors; the cyclical nature of our customers' business; our inability to meet our financial and performance targets and other forecasts or expectations; our substantial indebtedness and pension obligations, including restrictions on our operations imposed by our indebtedness; operational modifications, delays or cancellations; prices for electricity, natural gas and diesel fuel; our ability to maintain our transportation network; changes in government regulations and regulatory requirements, including those related to mining, explosives, chemicals, and oil and gas production; silica-related health issues and corresponding litigation; and other risks and uncertainties detailed in this Quarterly Report on Form 10-Q and our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the U.S. Securities and Exchange Commission ("SEC").

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of the known factors described above, and it is impossible for us to anticipate all factors that could affect our actual results. As a result, forward-looking statements are not guarantees of future performance, and you should not place undue reliance on any forward-looking statements we make. If one or more of the risks described above or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the SEC, and our other public communications.

Overview

We are a global performance materials company and a leading producer of commercial silica used in the oil and gas industry and in a wide range of industrial applications. In addition, through our subsidiary EP Minerals, LLC ("EPM"), we are an industry leader in the production of industrial minerals, including diatomaceous earth, clay (calcium bentonite and calcium montmorillonite) and perlite.

During our 124-year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver over 800 diversified product types to customers across our end markets. As of June 30, 2024, we had 26 operating mines and processing facilities and two additional exploration stage properties across the United States. We control 469 million tons of reserves of commercial silica, which we believe can be processed to make 173 million tons of finished products that meet API frac sand specifications, and 81 million tons of reserves of diatomaceous earth, perlite, and clays.

Our operations are organized into two reportable segments based on end markets served and the manner in which we analyze our operating and financial performance: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. We believe our segments are complementary because our ability to sell to a wide range of customers across end markets in these segments allows us to maximize recovery rates in our mining operations and optimize our asset utilization.

Recent Developments

Closing of Apollo Merger

As previously disclosed, on April 26, 2024, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Star Holding LLC, a Delaware limited liability company ("Parent"), and Star Merger Co., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are affiliates of certain funds managed by affiliates of Apollo Global Management, Inc. On July 31, 2024, as contemplated by the Merger Agreement, Merger Sub merged with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Merger"). As a result of the Merger, our shares of Common Stock are no longer traded on the NYSE. For more information about the closing of the Merger, see our Current Report on Form 8-K filed with the SEC on July 31, 2024 and Note U to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Recent Trends and Outlook

Oil and gas proppants end market trends

Our operations in our Oil & Gas Proppants segment are materially dependent on the levels of activity in natural gas and oil exploration, development and production, which are affected by trends in natural gas and oil prices. In recent years, natural gas and oil prices and, therefore, the level of exploration, development and production activity, have experienced significant volatility.

During 2020, the COVID-19 pandemic and related economic repercussions, coupled with an inadequate supply response and exacerbated by the lack of global storage capacity, resulted in a precipitous decline in crude oil prices. Demand for our proppant and logistics services declined as our customers reduced their capital spending budgets and drilling and completion operations in response to lower oil prices. Crude oil prices began to rebound from 2020 levels, with the West Texas Intermediate price of crude oil increasing as much as 52% during 2022 and as much as 17% in 2023. Though prices declined slightly at the end of the year in 2023, they have rebounded approximately 16% in the first half of 2024.

Recent international conflicts, including between Russia and Ukraine and between Israel and Hamas have increased the disruption, instability and volatility in global markets and industries. As our operations are significantly U.S. based, we have not been, to date, materially impacted by these conflicts. We continue to monitor the uncertainty surrounding the extent and duration of the current international conflicts and the impact that these conflicts may have on the global economy and on our business.

Heightened levels of inflation present risk for us in terms of increased labor costs, transportation costs and energy costs that may not be able to be passed on to customers through increased pricing. In addition, rising interest rates have increased our borrowing costs on our outstanding debt.

Sales decreased by 9% or \$16.9 million in our Oil & Gas Proppants segment during the three months ended June 30, 2024 compared to the three months ended March 31, 2024. This was due primarily to a 5% decrease in average selling price per ton and a 5% decrease in tons sold. Sales decreased by 9% in our Oil & Gas Proppants segment during the three months ended March 31, 2024 compared to the three months ended December 31, 2023. This was due primarily to a 13% decrease in average selling price per ton, partially offset by a 5% increase in tons sold. Our results for the six-month period ended June 30, 2024 in this segment are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024.

Amounts in thousands, except per ton data

	Three Months Ended			Percentage Change	
	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2024 vs. March 31, 2024	March 31, 2024 vs. December 31, 2023
Oil & Gas Proppants					
Sales	\$ 166,259	\$ 183,172	\$ 200,552	(9)%	(9)%
Tons Sold	2,899	3,042	2,907	(5)%	5 %
Average Selling Price per Ton	\$ 57.35	\$ 60.21	\$ 68.99	(5)%	(13)%

If oil and gas drilling and completion activity is not sustained, or if frac sand supply remains greater than demand, then we may sell fewer tons, sell tons at lower prices, or both. If we sell less frac sand or sell frac sand at lower prices, our revenue, net income, cash generated from operating activities, and liquidity would be adversely affected, and we could incur material asset impairments. If these events occur, we may evaluate further actions to reduce costs and improve liquidity.

Industrial and specialty products end market trends

Demand in the industrial and specialty products end markets has been relatively stable in recent years and is primarily influenced by key macroeconomic drivers such as the housing market, population growth, light vehicle sales, beer and wine production, repair and remodel activity and industrial production. The primary end markets served by our Industrial & Specialty Products segment are building and construction products, fillers and extenders, filtration, glassmaking, absorbents, foundry, and sports and recreation. We have been increasing our value-added product offerings in the industrial and specialty products end markets organically as well as through acquisitions, such as White Armor® and EPM. Additionally, we have increased our focus on the alternative energy markets and products necessary for the supply chains of solar panels, renewable diesel and wind turbines. Sales of these new higher margin products have increased our Industrial & Specialty Products segment's profitability.

Heightened levels of inflation present risk for us in terms of increased labor costs, transportation costs and energy costs that may not be able to be passed on to customers through increased pricing. In addition, rising interest rates have increased our borrowing costs on our outstanding debt. Additionally, we continue to monitor the uncertainty surrounding the extent and duration of the Russia and Ukraine and Israel and Hamas conflicts on our business as discussed above.

Our Business Strategy

The key drivers of our growth strategy include:

- increasing our presence and new product development in specialty products end markets;
- optimizing our product mix and further developing value-added capabilities to maximize margins;
- effectively positioning our Oil & Gas Proppants facilities to optimally serve our customers;
- optimizing our supply chain network and leveraging our logistics capabilities to meet our customers' needs;
- evaluating both Greenfield and Brownfield expansion opportunities and other acquisitions; and
- maintaining financial strength and flexibility.

How We Generate Our Sales

Products

We derive our product sales by mining and processing minerals that our customers purchase for various uses. Our product sales are primarily a function of the price per ton and the number of tons sold. We primarily sell our products through individual purchase orders executed under short-term price agreements or at prevailing market rates. The amount invoiced reflects the price of the product, transportation, surcharges, and additional handling services as applicable, such as storage, transloading the product from railcars to trucks and last mile logistics to the customer site. We invoice most of our product customers on a per shipment basis, although for some larger customers we consolidate invoices weekly or monthly. Standard collection terms are net 30 days, although extended terms are offered in competitive situations.

Services

We derive our service sales primarily through the provision of transportation, equipment rental, and contract labor services to companies in the oil and gas industry. Transportation services typically consist of transporting customer proppant from storage facilities to proximal well-sites and are contracted through work orders executed under established pricing agreements. The amount invoiced reflects transportation services rendered. Equipment rental services provide customers with use of either dedicated or nonspecific wellhead proppant delivery equipment solutions for contractual periods defined either through formal lease agreements or executed work orders under established pricing agreements. The amounts invoiced reflect the length of time the equipment set was utilized in the billing period. Contract labor services provide customers with proppant delivery equipment operators through work orders executed under established pricing agreements. The amounts invoiced reflect the amount of time our customer utilized our labor services in the billing period. We typically invoice our customers weekly or bi-weekly; however, some customers receive invoices monthly or upon well-site operation completion, depending on terms established in contracts or work orders. Standard collection terms are net 30 days, although extended terms are offered in competitive situations.

Our ten largest customers accounted for 42% and 44% of total sales for the three and six months ended June 30, 2024, respectively, and 44% and 45% for the three and six months ended June 30, 2023, respectively. No customer accounted for 10% or more of our total sales for the three and six months ended June 30, 2024 or 2023. At June 30, 2024 and December 31, 2023, none of our customers' accounts receivable represented 10% or more of our total trade accounts receivable.

For a limited number of customers, we sell under long-term, minimum purchase supply agreements. These agreements define, among other commitments, the volume of product that our customers must purchase, the volume of product that we must provide and the price that we will charge and that our customers will pay for each product. Prices under these agreements are generally fixed and subject to certain contractual adjustments. Sometimes these agreements may undergo negotiations regarding pricing and volume requirements, particularly in volatile market conditions. When these negotiations occur, we may deliver our product at prices or at volumes below the requirements in our existing supply agreements. An executed order specifying the type and quantity of product to be delivered, in combination with the noted agreements, comprise our contracts in these arrangements. Selling more tons under supply contracts enables us to be more efficient from a production, supply chain and logistics standpoint. As discussed in Part I, Item 1A., Risk Factors of our 2023 Annual Report, these customers may not continue to purchase the same levels of product in the future due to a variety of reasons, contract requirements notwithstanding.

As of June 30, 2024, we had 10 minimum purchase supply agreements in the Oil & Gas Proppants segment with initial terms expiring between 2024 and 2034. As of June 30, 2023, we had 12 minimum purchase supply agreements in the Oil & Gas

Proppants segment with initial terms expiring between 2023 and 2034. Collectively, sales to customers with minimum purchase supply agreements accounted for 70% and 67% of Oil & Gas Proppants segment sales during the three and six months ended June 30, 2024, respectively, and 59% and 57% of Oil and Gas Proppants segment sales during the three and six months ended June 30, 2023, respectively.

In the industrial and specialty products end markets we have not historically entered into long-term minimum purchase supply agreements with our customers because of the high cost to our customers of switching providers. We may periodically do so when capital or other investment is required to meet customer needs. Instead, we often enter into supply agreements with our customers with targeted volumes and terms of one to five years. Prices under these agreements are generally fixed and subject to annual increases.

The Costs of Conducting Our Business

The principal expenses involved in conducting our business are transportation costs, labor costs, electricity and drying fuel costs, and maintenance and repair costs for our mining and processing equipment and facilities. Transportation and related costs include freight charges, fuel surcharges, transloading fees, switching fees, railcar lease costs, demurrage costs, storage fees and labor costs. Our operating costs can vary significantly based on the volume of product produced and current economic conditions. We benefit from owning the majority of the mineral deposits that we mine and having long-term mineral rights leases or supply agreements for our other primary sources of raw material, which limits royalty payments.

Additionally, we incur expenses related to our corporate operations, including costs for sales and marketing; research and development; and the finance, legal, human resources, information technology, and environmental, health and safety functions of our organization. These costs are principally driven by personnel expenses.

How We Evaluate Our Business

Our management team evaluates our business using a variety of financial and operating metrics. We evaluate the performance of our two segments based on their tons sold, average selling price and contribution margin earned. Additionally, we consider a number of factors in evaluating the performance of our business as a whole, including total tons sold, average selling price, total segment contribution margin, and Adjusted EBITDA. We view these metrics as important factors in evaluating our profitability and review these measurements frequently to analyze trends and make decisions, and we believe the presentation of these metrics provides useful information to our investors regarding our financial condition and results of operations for the same reasons.

Segment Contribution Margin

Segment contribution margin, a non-GAAP measure, is a key metric that management uses to evaluate our operating performance and to determine resource allocation between segments. Segment contribution margin excludes selling, general, and administrative costs, corporate costs, plant capacity expansion expenses, and facility closure costs.

Segment contribution margin is not a measure of our financial performance under GAAP and should not be considered as an alternative or superior to measures derived in accordance with GAAP. Our measure of segment contribution margin is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation. For more information about segment contribution margin, including a reconciliation of this measure to its most directly comparable GAAP financial measure, net income (loss), see Note T - Segment Reporting to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP measure, is included in this report because it is a key metric used by management to assess our operating performance and by our lenders to evaluate our covenant compliance. Adjusted EBITDA excludes certain income and/or costs, the removal of which improves comparability of operating results across reporting periods. Our target performance goals under our incentive compensation plan are tied, in part, to our Adjusted EBITDA.

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative or superior to net income (loss) as a measure of operating performance, cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain charges that may recur in the future. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

The following table sets forth a reconciliation of net income, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

<i>(amounts in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to U.S. Silica Holdings, Inc.	\$ 19,277	\$ 46,259	\$ 32,965	\$ 90,907
Total interest expense, net of interest income	19,030	24,368	39,703	45,936
Provision for taxes	7,529	15,137	12,304	28,710
Total depreciation, depletion and amortization expenses	29,446	33,546	60,814	68,932
EBITDA	75,282	119,310	145,786	234,485
Non-cash incentive compensation ⁽¹⁾	3,934	3,731	7,985	7,066
Post-employment expenses (excluding service costs) ⁽²⁾	(665)	(839)	(1,329)	(1,678)
Merger and acquisition related expenses ⁽³⁾	7,085	845	7,446	1,069
Plant capacity expansion expenses ⁽⁴⁾	34	32	81	98
Business optimization projects ⁽⁵⁾	342	90	265	1,046
Facility closure costs ⁽⁶⁾	(1,070)	71	(725)	152
Other adjustments allowable under the Credit Agreement ⁽⁷⁾	399	397	2,964	6,033
Adjusted EBITDA	\$ 85,341	\$ 123,637	\$ 162,473	\$ 248,271

- (1) Reflects equity-based and other equity-related compensation expense.
- (2) Includes net pension cost and net post-retirement cost relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service cost relating to benefits earned during such period. Non-service net periodic benefit costs are not considered reflective of our operating performance because these costs do not exclusively originate from employee services during the applicable period and may experience periodic fluctuations as a result of changes in non-operating factors, including changes in discount rates, changes in expected returns on benefit plan assets, and other demographic actuarial assumptions. See Note O - Pension and Post-Retirement Benefits to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.
- (3) Merger and acquisition related expenses include legal fees, professional fees, bank fees, severance costs, and other employee related costs. While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in the future as we continue to integrate prior acquisitions and pursue any future mergers or acquisitions.
- (4) Plant capacity expansion expenses include expenses that are not inventoriable or capitalizable as related to plant expansion projects greater than \$2 million in capital expenditures or plant start up projects. While these expenses are not operational in nature and are not expected to continue for any singular project on an ongoing basis, similar types of expenses have occurred in prior periods and may recur in the future if we continue to pursue future plant capacity expansions.
- (5) Reflects costs incurred related to business optimization projects within our corporate center, which aim to measure and improve the efficiency, productivity and performance of our organization. While these costs are not operational in nature and are not expected to continue for any singular project on an ongoing basis, similar types of expenses may recur in the future.
- (6) Reflects costs incurred related to idled sand facilities and closed corporate offices, including severance costs and remaining contracted costs such as office lease costs, maintenance, and utilities. While these costs are not operational in nature and are not expected to continue for any singular event on an ongoing basis, similar types of expenses may recur in the future.
- (7) Reflects miscellaneous adjustments permitted under the Credit Agreement, such as recruiting fees and relocation costs. The three and six months ended June 30, 2024 also included costs related to severance restructuring of \$0.5 million, \$0.2 million of sales of assets, an adjustment to non-controlling interest of \$0.2 million, and \$2.0 million related to the loss on extinguishment of debt. The three and six months ended June 30, 2023 also included costs related to severance restructuring of \$0.6 million, recruiting costs of \$0.7 million, an adjustment to non-controlling interest of \$0.3 million and \$6.4 million related to the loss on extinguishment of debt, offset by an insurance recovery of \$0.8 million and proceeds of the sale of assets of \$1.2 million

Adjusted EBITDA-Trailing Twelve Months

Our revolving credit facility (the "Revolver") contains a consolidated leverage ratio of no more than 4.00:1.00 that, unless we have the consent of our lenders, we must meet as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 35% of the Revolver commitment. This ratio is calculated based on our Adjusted EBITDA for the trailing twelve months. Noncompliance with this financial ratio covenant could result in the acceleration of our obligations to repay all amounts outstanding under the Revolver and the Term Loan (the "Term Loan") (collectively the "Credit Facility"). Moreover, the Revolver and the Term Loan contain covenants that restrict, subject to certain exceptions, our ability to make permitted acquisitions, incur additional indebtedness, make restricted payments (including dividends) and retain excess cash flow based, in some cases, on our ability to meet leverage ratios calculated based on our Adjusted EBITDA for the trailing twelve months.

See the description under “Adjusted EBITDA” above for certain important information about Adjusted EBITDA-trailing twelve months, including certain limitations and management’s use of this metric in light of its status as a non-GAAP measure.

As of June 30, 2024, we were in compliance with all covenants under our Credit Facility, and our Revolver usage was zero (not including \$15.3 million allocated for letters of credit). Since the Revolver usage did not exceed 35% of the Revolver commitment, the consolidated leverage ratio covenant did not apply. Based on our consolidated leverage ratio of 2.29:1.00 as of June 30, 2024, we have access to the full availability of the Revolver. The calculation of the consolidated leverage ratio incorporates the Adjusted EBITDA-trailing twelve months as follows:

<i>(All amounts in thousands, except calculated ratio)</i>	June 30, 2024
Total debt	\$ 803,122
Finance leases	4,521
Total consolidated debt	<u>\$ 807,643</u>
Adjusted EBITDA-trailing twelve months	\$ 353,202
Pro forma Adjusted EBITDA including impact of acquisitions ⁽¹⁾	—
Other adjustments for covenant calculation ⁽²⁾	252
Total Adjusted EBITDA-trailing twelve months for covenant calculation	<u>\$ 353,454</u>
Consolidated leverage ratio ⁽³⁾	2.29

- (1) Covenant calculation allows for the Adjusted EBITDA-trailing twelve months to include the impact of acquisitions on a pro forma basis.
- (2) Covenant calculation excludes activity at legal entities above the operating company, which is mainly interest income offset by public company operating expenses.
- (3) Calculated by dividing total consolidated debt by total Adjusted EBITDA-trailing twelve months for covenant calculation.

Results of Operations for the Three Months Ended June 30, 2024 and 2023

Sales

(In thousands except per ton data)	Three Months Ended June 30,		Percent Change
	2024	2023	2024 vs. 2023
Sales:			
Oil & Gas Proppants	\$ 166,259	\$ 262,285	(37)%
Industrial & Specialty Products	151,256	144,499	5 %
Total sales	<u>\$ 317,515</u>	<u>\$ 406,784</u>	(22)%
Tons:			
Oil & Gas Proppants	2,899	3,419	(15)%
Industrial & Specialty Products	1,170	1,040	13 %
Total Tons	<u>4,069</u>	<u>4,459</u>	(9)%
Average Selling Price per Ton:			
Oil & Gas Proppants	\$ 57.35	\$ 76.71	(25)%
Industrial & Specialty Products	\$ 129.28	\$ 138.94	(7)%
Overall Average Selling Price per Ton	\$ 78.03	\$ 91.23	(14)%

Total sales decreased 22% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, driven by a 9% decrease in total tons sold and a 14% decrease in overall average selling price.

The decrease in total sales was primarily driven by Oil & Gas Proppants sales, which decreased 37% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Oil & Gas Proppants average selling price decreased 25% and tons sold decreased by 15%. This decrease is due to a reduction in overall crew activity, decreased demand for Northern white sand and decreased SandBox loads.

Industrial & Specialty Products sales increased 5% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Industrial & Specialty Products tons sold increased 13% offset by a decrease in average selling price of 7%.

Cost of Sales (excluding depreciation, depletion, and amortization)

Cost of sales decreased by \$54.0 million, or 21%, to \$205.8 million for the three months ended June 30, 2024 compared to \$259.8 million for the three months ended June 30, 2023. These changes resulted from the main components of cost of sales as discussed below. As a percentage of sales, cost of sales represented 65% for the three months ended June 30, 2024 compared to 64% for the same period in 2023.

We incurred \$84.3 million and \$125.1 million of transportation and related costs for the three months ended June 30, 2024 and 2023, respectively. The \$40.8 million decrease was due to decreased freight charges in the Industrial & Specialty Products segment, partially offset by increased rail car and barge rates. As a percentage of sales, transportation and related costs represented 27% and 31% for the three months ended June 30, 2024 and 2023, respectively.

We incurred \$42.8 million and \$45.2 million of operating labor costs for the three months ended June 30, 2024 and 2023, respectively. The \$2.4 million decrease in labor cost was mainly due to decreased business activity in the quarter, partially offset by merit increases. As a percentage of sales, operating labor costs represented 13% and 11% for the three months ended June 30, 2024 and 2023, respectively.

We incurred \$13.4 million and \$15.2 million of electricity and drying fuel (principally natural gas) costs for the three months ended June 30, 2024 and 2023, respectively. The \$1.8 million decrease in electricity and drying fuel costs was mainly due to decreased natural gas prices. As a percentage of sales, electricity and drying fuel costs represented 4% for both the three months ended June 30, 2024 and 2023, respectively.

We incurred \$21.8 million and \$23.8 million of maintenance and repair costs for the three months ended June 30, 2024 and 2023, respectively. The \$2.0 million decrease in maintenance and repair costs is mainly due to a decrease in maintenance projects as production decreased during the quarter. As a percentage of sales, maintenance and repair costs represented 7% and 6% for the three months ended June 30, 2024 and 2023, respectively.

Segment Contribution Margin

Industrial & Specialty Products contribution margin increased by \$6.0 million to \$57.6 million for the three months ended June 30, 2024 compared to \$51.6 million for the three months ended June 30, 2023, driven by a \$6.8 million increase in revenue offset by a \$0.7 million increase in cost of sales.

Oil & Gas Proppants contribution margin decreased by \$43.4 million to \$55.7 million for the three months ended June 30, 2024 compared to \$99.1 million for the three months ended June 30, 2023, driven by a \$96.1 million decrease in sales offset by a \$52.7 million decrease in cost of sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$8.9 million, or 31%, to \$37.6 million for the three months ended June 30, 2024 compared to \$28.7 million for the three months ended June 30, 2023. The increase was primarily due to merger related expenses and compensation increases, including merit increases.

In total, our selling, general and administrative expenses represented approximately 12% and 7% of our sales for the three months ended June 30, 2024 and 2023, respectively.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense decreased by \$4.1 million, or 12%, to \$29.4 million for the three months ended June 30, 2024 compared to \$33.5 million for the three months ended June 30, 2023 primarily due to accelerated depreciation of certain assets in the prior year and certain assets reaching the end of their depreciable lives. Depreciation, depletion and amortization expense represented approximately 9% and 8% of our sales for the three months ended June 30, 2024 and 2023, respectively.

Goodwill and Other Asset Impairments

During the three months ended June 30, 2024 and 2023, no asset impairment charges were recorded.

Operating Income

Operating income for the three months ended June 30, 2024 was \$44.7 million compared to \$84.8 million for the three months ended June 30, 2023. The change was mainly driven by a 22% decrease in sales and a 31% increase in selling, general and administrative expenses, offset by a 21% decrease in cost of sales, and a 12% decrease in depreciation, depletion and amortization expense.

Interest Expense

Interest expense decreased by \$4.0 million, or 15%, to \$22.0 million for the three months ended June 30, 2024 compared to \$26.0 million for the three months ended June 30, 2023 primarily due to lower debt balances.

Other Income (Expense), Net, Including Interest Income

Other income, net, increased by \$1.6 million, to \$4.1 million for the three months ended June 30, 2024 compared to \$2.5 million for the three months ended June 30, 2023, due primarily to an increase in interest income.

Provision for Income Taxes

For the three months ended June 30, 2024 and 2023, we had tax expense of \$7.5 million and \$15.1 million, respectively. The effective tax rates were 28% and 25% for the three months ended June 30, 2024 and 2023, respectively. Without discrete items, which primarily consist of the tax impact of non-US income taxes, the effective tax rates for the three months ended June 30, 2024 and 2023 would have been 27% and 24%, respectively.

During the three months ended June 30, 2024 and 2023, we recorded a tax benefit of \$0.1 million and tax expense of \$0.2 million, respectively, related to equity compensation.

Historically, our actual effective tax rates have differed from the statutory effective rate primarily due to the benefit received from statutory percentage depletion allowances. The deduction for statutory percentage depletion does not necessarily change proportionately to changes in income before income taxes. For the three months ended June 30, 2024, the benefit received from statutory percentage depletion allowances was offset by nondeductible executive compensation, nondeductible deal costs and state income taxes.

Net Income

Net income attributable to U.S. Silica Holdings, Inc., was \$19.3 million and \$46.3 million for the three months ended June 30, 2024 and 2023, respectively. The year over year changes were due to the factors noted above.

Results of Operations for the Six Months Ended June 30, 2024 and 2023

Sales

<i>(In thousands except per ton data)</i>	Six Months Ended June 30,		Percent Change
	2024	2023	2024 vs. 2023
Sales:			
Oil & Gas Proppants	\$ 349,431	\$ 562,298	(38)%
Industrial & Specialty Products	294,026	286,726	3 %
Total sales	<u>\$ 643,457</u>	<u>\$ 849,024</u>	(24)%
Tons:			
Oil & Gas Proppants	5,941	7,340	(19)%
Industrial & Specialty Products	2,220	2,053	8 %
Total Tons	<u>8,161</u>	<u>9,393</u>	(13)%
Average Selling Price per Ton:			
Oil & Gas Proppants	\$ 58.82	\$ 76.61	(23)%
Industrial & Specialty Products	\$ 132.44	\$ 139.66	(5)%
Overall Average Selling Price per Ton	\$ 78.85	\$ 90.39	(13)%

Total sales decreased 24% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, driven by a 13% decrease in overall average selling price and a 13% decrease in total tons sold.

The decrease in total sales was mainly driven by Oil & Gas Proppants sales, which decreased 38% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Oil & Gas Proppants average selling price decreased 23% and tons sold decreased 19%. This decrease is due to a reduction in overall crew activity, decreased demand for Northern white sand and decreased SandBox loads.

Industrial & Specialty Products sales increased 3% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Industrial & Specialty Products average selling price decreased 5% and tons sold increased by 8%.

Cost of Sales (excluding depreciation, depletion, and amortization)

Cost of sales decreased by \$123.4 million, or 22%, to \$429.5 million for the six months ended June 30, 2024 compared to \$552.9 million for the six months ended June 30, 2023. These changes result from the main components of cost of sales as discussed below. As a percentage of sales, cost of sales represented 67% and 65% for the six months ended June 30, 2024 and 2023, respectively.

We incurred \$177.2 million and \$269.7 million of transportation and related costs for the six months ended June 30, 2024 and 2023, respectively. The \$92.5 million decrease was mainly due to decreased freight charges in the Industrial & Specialty Products segment, partially offset by increased rail car and barge rates. As a percentage of sales, transportation and related costs represented 28% for the six months ended June 30, 2024 compared to 32% for the same period in 2023.

We incurred \$87.8 million and \$91.6 million of operating labor costs for the six months ended June 30, 2024 and 2023, respectively. The \$3.8 million decrease in labor costs incurred was mainly due to decreased business activity in the quarter, partially offset by merit increases. As a percentage of sales, operating labor costs represented 14% and 11% for the six months ended June 30, 2024 and 2023.

We incurred \$29.1 million and \$34.1 million of electricity and drying fuel (principally natural gas) costs for the six months ended June 30, 2024 and 2023, respectively. The \$5.0 million decrease in electricity and drying fuel costs incurred was mainly due to decreased natural gas prices. As a percentage of sales, electricity and drying fuel costs represented 5% and 4% for the six months ended June 30, 2024 and 2023, respectively.

We incurred \$41.0 million and \$49.0 million of maintenance and repair costs for the six months ended June 30, 2024 and 2023, respectively. The \$8.0 million decrease in maintenance and repair costs is primarily due to a decrease in maintenance projects as production decreased during the quarter. As a percentage of sales, maintenance and repair costs represented 6% for both the six months ended June 30, 2024 and 2023, respectively.

Segment Contribution Margin

Industrial & Specialty Products contribution margin increased by \$9.1 million to \$103.6 million for the six months ended June 30, 2024 compared to \$94.5 million for the six months ended June 30, 2023, driven by a \$7.3 million increase in revenue and a \$1.7 million decrease in cost of sales.

Oil & Gas Proppants contribution margin decreased by \$93.8 million to \$115.2 million for the six months ended June 30, 2024 compared to \$209.0 million for the six months ended June 30, 2023, driven by a \$212.9 million decrease in sales, partially offset by a \$119.1 million decrease in cost of sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$10.5 million, or 18%, to \$68.4 million for the six months ended June 30, 2024 compared to \$57.9 million for the six months ended June 30, 2023. The increase was primarily due to merger related expenses.

In total, our selling, general and administrative expenses represented approximately 11% and 7% of our sales for the six months ended June 30, 2024 and 2023, respectively.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense decreased by \$8.1 million, or 12%, to \$60.8 million for the six months ended June 30, 2024 compared to \$68.9 million for the six months ended June 30, 2023. The decrease was primarily due to certain assets fully depreciating during 2023. Depreciation, depletion and amortization expense represented approximately 9% and 8% of our sales for the six months ended June 30, 2024 and 2023, respectively.

Goodwill and Other Asset Impairments

During the six months ended June 30, 2024 and 2023 no asset impairment charges were recorded.

Operating Income

Operating income decreased by \$84.5 million to \$84.8 million for the six months ended June 30, 2024 compared to \$169.3 million for the six months ended June 30, 2023. The decrease was driven by a 24% decrease in sales, an 18% increase in selling, general and administrative expenses, partially offset by a 12% decrease in depreciation, depletion and amortization expense and a 22% decrease in cost of sales during the six months ended June 30, 2024.

Interest Expense

Interest expense decreased by \$3.7 million, or 7%, to \$46.3 million for the six months ended June 30, 2024 compared to \$50.0 million for the six months ended June 30, 2023, primarily due to lower outstanding debt balances.

Other Income (Expense), Net, Including Interest Income

Other income increased by \$6.5 million to \$6.6 million for the six months ended June 30, 2024 compared to \$0.1 million for the six months ended June 30, 2023. The increase primarily related to less debt extinguishment costs, offset by higher interest income.

Provision for Income Taxes

For the six months ended June 30, 2024 and 2023, we had tax expense of \$12.3 million and \$28.7 million, respectively. The effective tax rates were 27% and 24% for the six months ended June 30, 2024 and 2023, respectively. Without discrete items, which primarily consist of the tax impact of equity compensation and non-US income taxes, the effective tax rates for the six months ended June 30, 2024 and 2023 would have been 26% and 25%, respectively.

During the six months ended June 30, 2024 and 2023, we recorded tax benefits related to equity compensation of \$0.1 million and \$2.1 million, respectively.

Historically, our actual effective tax rates have differed from the statutory effective rate primarily due to the benefit received from statutory percentage depletion allowances. The deduction for statutory percentage depletion does not necessarily change proportionately to changes in income before income taxes. For the six months ended June 30, 2024, the benefit received from statutory percentage depletion allowances was offset by nondeductible executive compensation, nondeductible deal costs and state income taxes.

Net Income

Net income attributable to U.S. Silica Holdings, Inc., was \$33.0 million and \$90.9 million for the six months ended June 30, 2024 and 2023, respectively. The year over year changes were due to the factors noted above.

Liquidity and Capital Resources

Overview

Our principal liquidity requirements have historically been to service our debt, to meet our working capital, capital expenditure and mine development expenditure needs, to return cash to our stockholders, and to pay for acquisitions. We have historically met our liquidity and capital investment needs with funds generated through operations. We have historically funded our acquisitions through cash on hand, borrowings under our credit facilities, or equity issuances. Our working capital is the amount by which current assets exceed current liabilities and is a measure of our ability to pay our liabilities as they become due. As of June 30, 2024, our working capital was \$454.1 million and we had \$134.7 million of availability under the Revolver. Based on our consolidated leverage ratio of 2.29:1.00 as of June 30, 2024, we have access to the full availability of the Revolver.

On March 23, 2023, we entered into a Fourth Amended and Restated Credit Agreement (the "Credit Agreement"), by entering into a new \$1.1 billion senior secured credit facility, consisting of a \$950 million Term Loan and a \$150 million Revolver that may also be used for swingline loans or letters of credit, and we may elect to increase the term loan or the revolving credit facility in accordance with the terms of the Credit Agreement. Borrowings under the Credit Agreement will bear interest at variable rates as determined at our election, based on the Term Secured Overnight Financing Rate ("SOFR") or a base rate, in each case, plus an applicable margin. In connection with the closing of the Merger, all outstanding amounts under our Credit Agreement were repaid with proceeds from new indebtedness used to finance the Merger consideration.

During the first quarter of 2024, we entered into Amendment No. 1 to the Credit Agreement (the "Repricing Amendment"), which amends certain terms of the Credit Agreement. The Repricing Amendment reduces the applicable interest rate margins on the Term Loans by 75 basis points to 3.00% (for the Term Loans bearing interest at rates based on the base rate) and to 4.00% (for the Term Loans bearing interest at rates based on the SOFR). The Repricing Amendment also allows us to enter into a repricing transaction without prepayment premium if such repricing transaction occurs after September 25, 2024. The maturity dates of March 23, 2030 with respect to the Term Loans and March 23, 2028 with respect to the revolving credit facility and all other material provisions under the Credit Agreement remain unchanged.

Management and our Board of Directors remain committed to evaluating additional ways of creating shareholder value. Any determination to pay dividends or other distributions in cash, stock, or property in the future or otherwise return capital to our stockholders, including decisions about existing or new share repurchase programs, will be at the discretion of our Board of Directors and will be dependent on then-existing conditions, including industry and market conditions, our financial condition, results of operations, liquidity and capital requirements, contractual restrictions including restrictive covenants

contained in debt agreements, and other factors. Additionally, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness. During the second quarter of 2020, our Board of Directors determined that it was not in the best interest of our shareholders to issue a dividend and we have not issued dividends subsequently. We do not have plans to resume issuing dividends.

Net Debt (non-GAAP measure)

Net debt is a non-GAAP measure and is included in this report because we believe it is meaningful to investors as we consider net debt and its components to be important indicators of liquidity and financial position. Net debt may not be computed the same as similarly titled measures used by other companies. We define net debt as total debt less cash and cash equivalents. Net debt should not be considered as an alternative or superior to other performance measures derived in accordance with GAAP.

The following table provides net debt (in thousands):

	June 30, 2024	December 31, 2023
Total Debt	\$ 807,643	\$ 840,037
Less:		
Cash and cash equivalents	278,180	245,716
Net Debt	\$ 529,463	\$ 594,321

Total Debt:

Total debt was \$807.6 million and \$840.0 million as of June 30, 2024 and December 31, 2023, respectively. The decrease was primarily due to the repurchase of \$25 million of debt during the first quarter and regularly scheduled term loan payments.

Cash and Cash Equivalents:

Cash and cash equivalents were \$278.2 million and \$245.7 million as of June 30, 2024 and December 31, 2023, respectively. The increase was primarily due to strong cash generation from business operations offset by the repurchase of \$25 million of debt during the first quarter and regularly scheduled term loan payments.

Cash Flow Analysis

A summary of operating, investing and financing activities (in thousands) is shown in the following table:

	Six Months Ended June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 104,846	\$ 133,017
Investing activities	\$ (26,226)	\$ (32,391)
Financing activities	\$ (46,156)	\$ (194,510)

Net Cash Provided by / Used in Operating Activities

Operating activities consist primarily of net income (loss) adjusted for certain non-cash and working capital items. Adjustments to net income or loss for non-cash items include depreciation, depletion and amortization, deferred revenue, deferred income taxes, equity-based compensation and allowance for credit losses. In addition, operating cash flows include the effect of changes in operating assets and liabilities, principally accounts receivable, inventories, prepaid expenses and other current assets, income taxes payable and receivable, accounts payable and accrued expenses.

Net cash provided by operating activities was \$104.8 million for the six months ended June 30, 2024. This was mainly due to \$32.8 million of net income adjusted for non-cash items, including \$60.8 million in depreciation, depletion and

amortization, \$0.6 million in deferred income taxes, \$8.0 million in equity-based compensation, \$2.0 million in deferred revenue, and \$15.2 million in other miscellaneous non-cash items. Also contributing to the change was a \$6.9 million decrease in accounts receivable, a \$7.8 million decrease in inventories, an \$8.4 million decrease in prepaid expenses and other current assets, an \$18.9 million decrease in accounts payable and accrued liabilities, \$12.6 million of payments on lease liabilities, and a \$2.1 million change in other operating assets and liabilities.

Net cash provided by operating activities was \$133.0 million for the six months ended June 30, 2023. This was mainly due to \$90.7 million of net income adjusted for non-cash items, including \$68.9 million in depreciation, depletion and amortization, \$20.0 million in deferred income taxes, \$7.0 million in equity-based compensation, \$9.2 million in deferred revenue, and \$19.1 million in other miscellaneous non-cash items. Also contributing to the change was a \$13.9 million decrease in accounts receivable, a \$14.1 million increase in inventories, a \$6.5 million decrease in prepaid expenses and other current assets, a \$56.0 million decrease in accounts payable and accrued liabilities, \$12.8 million of payments on lease liabilities, and a \$1.1 million change in other operating assets and liabilities.

Net Cash Used in / Provided by Investing Activities

Investing activities consist primarily of cash consideration paid to acquire businesses and capital expenditures for growth and maintenance.

Net cash used in investing activities was \$26.2 million for the six months ended June 30, 2024. This was due to capital expenditures of \$26.6 million offset by \$0.5 million in proceeds from the sale of property, plant and equipment. Capital expenditures for the six months ended June 30, 2024 were primarily related to growth projects, facility improvement and maintenance projects, and other environmental and health and safety projects.

Net cash used in investing activities was \$32.4 million for the six months ended June 30, 2023. This was mainly due to capital expenditures of \$34.0 million offset by \$1.8 million in proceeds from the sale of property, plant and equipment.

Subject to our continuing evaluation of market conditions, we anticipate that our capital expenditures in 2024 will be approximately \$60 million, which will primarily be associated with maintenance, cost improvement capital projects, and various growth projects. We expect to fund our capital expenditures through cash on our balance sheet and cash generated from our operations.

Net Cash Used in / Provided by Financing Activities

Financing activities consist primarily of equity issuances, borrowings and repayments related to the Revolver and Term Loan, as well as fees and expenses paid in connection with our credit facilities.

Net cash used in financing activities was \$46.2 million for the six months ended June 30, 2024. This was mainly due to \$6.5 million of short-term debt payments, \$29.3 million of long-term debt payments, \$3.4 million of financing fees paid, \$0.8 million of principal payments on finance leases, and \$5.9 million of tax payments related to shares withheld for vested restricted stock and stock units.

Net cash used in financing activities was \$194.5 million for the six months ended June 30, 2023. This was mainly due to \$5.6 million of short-term debt payments, \$136.4 million of long-term debt payments, \$41.4 million in financing fees paid, \$0.7 million of distributions to a non-controlling interest, \$0.4 million of principal payments on finance leases, and \$10.0 million of tax payments related to shares withheld for vested restricted stock and restricted stock units.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have a current material effect or are reasonably likely to have a future material effect on our financial condition, changes in financial condition, sales, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

There have been no significant changes outside of the ordinary course of business to our “Contractual Obligations” table in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of our 2023

Annual Report. For more details on future minimum annual purchase commitments and operating leases commitments, please see accompanying Note N - Commitments and Contingencies and Note P - Leases to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Environmental Matters

We are subject to various federal, state and local laws and regulations governing, among other things, hazardous materials, air and water emissions, environmental contamination and reclamation and the protection of the environment and natural resources. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. As of June 30, 2024, we had \$32.6 million accrued for future reclamation costs, as compared to \$30.4 million as of December 31, 2023.

We discuss certain environmental matters relating to our various production and other facilities, certain regulatory requirements relating to human exposure to crystalline silica and our mining activity and how such matters may affect our business in the future under Item 1, "Business", Item 1A, "Risk Factors", Item 3, "Legal Proceedings" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Environmental Matters" in our 2023 Annual Report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

A summary of our significant accounting policies, including certain critical accounting policies and estimates, are included in Note B - Summary of Significant Accounting Policies to the Consolidated Financial Statements in Item 8 of our 2023 Annual Report. Management believes that the application of these policies on a consistent basis enables us to provide the users of the Consolidated Financial Statements with useful and reliable information about our operating results and financial condition.

Recent Accounting Pronouncements

New accounting pronouncements that have been recently adopted are described in Note B - Summary of Significant Accounting Policies to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Availability of Reports; Website Access; Other Information

Our Internet address is <http://www.ussilica.com>. Through "Investors" — "Financial Information" on our home page, we make available free of charge our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our proxy statements, our current reports on Form 8-K, SEC Forms 3, 4 and 5 and any amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports filed with the SEC are also available on its website at <http://www.sec.gov>.

Stockholders may also request a free copy of these documents from: U.S. Silica Holdings, Inc., attn.: Investor Relations, 24275 Katy Freeway, Suite 600, Katy, Texas 77494.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to certain market risks, which exist as a part of our ongoing business operations. Such risks arise from adverse changes in market rates, prices and conditions. We address such market risks in "Recent Trends and Outlook" and "How We Generate Our Sales" in Item 2. of this Quarterly Report on Form 10-Q.

Interest Rate Risk

We are exposed to interest rate risk arising from adverse changes in interest rates. As of June 30, 2024, we had \$839 million of debt outstanding under the Credit Agreement. Assuming SOFR is greater than the 1.0% minimum base rate on the Term Loan, a hypothetical increase in interest rates by 1.0% would have changed our interest expense by \$8.4 million per year.

Upon execution of the Credit Agreement, we have transitioned from LIBOR to SOFR. See Note I - Debt for discussion of the Credit Agreement.

Commodity Risk

We use natural gas swaps in order to manage our exposure to the volatility of natural gas prices. We do not use derivatives for trading or speculative purposes. As of June 30, 2024, the fair value of our natural gas swaps was a liability of \$1.1 million. As of December 31, 2023, the fair value of our natural gas swaps was a liability of \$1.9 million. For more information see Note L - Derivative Instruments to our Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Credit Risk

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We examine the creditworthiness of third-party customers to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees, although collateral is generally not required.

Despite enhancing our examination of our customers' creditworthiness, we may still experience delays or failures in customer payments. Some of our customers have reported experiencing financial difficulties. With respect to customers that may file for bankruptcy protection, we may not be able to collect sums owed to us by these customers and we also may be required to refund pre-petition amounts paid to us during the preference period (typically 90 days) prior to the bankruptcy filing.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of June 30, 2024, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our existing internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In addition to the matters described below, we are subject to various legal proceedings, claims, and governmental inspections, audits or investigations incidental to our business, which can cover general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, employment and other matters. Although the outcomes of these ordinary routine claims cannot be predicted with certainty, in the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on our financial position or results of operations.

Prolonged inhalation of excessive levels of respirable crystalline silica dust can result in silicosis, a disease of the lungs. Breathing large amounts of respirable silica dust over time may injure a person's lungs by causing scar tissue to form. Crystalline silica in the form of quartz is a basic component of soil, sand, granite and most other types of rock. Cutting, breaking, crushing, drilling, grinding and abrasive blasting of or with crystalline silica containing materials can produce fine silica dust, the inhalation of which may cause silicosis, lung cancer and possibly other diseases including immune system disorders such as scleroderma. Sources of exposure to respirable crystalline silica dust include sandblasting, foundry manufacturing, crushing and drilling of rock, masonry and concrete work, mining and tunneling, and cement and asphalt pavement manufacturing.

Since at least 1975, we and/or our predecessors have been named as a defendant, usually among many defendants, in numerous lawsuits brought by or on behalf of current or former employees of our customers alleging damages caused by silica exposure. Prior to 2001, the number of silicosis lawsuits filed annually against the commercial silica industry remained relatively stable and was generally below 100, but between 2001 and 2004 the number of silicosis lawsuits filed against the commercial silica industry substantially increased. This increase led to greater scrutiny of the nature of the claims filed, and in June 2005, the U.S. District Court for the Southern District of Texas issued an opinion in the former federal silica multi-district litigation remanding almost all of the 10,000 cases then pending in the multi-district litigation back to the state courts from which they originated for further review and medical qualification, leading to a number of silicosis case dismissals across the United States. In conjunction with this and other favorable court rulings establishing "sophisticated user" and "no duty to warn" defenses for silica producers, several states, including Texas, Ohio and Florida, have passed medical criteria legislation that requires proof of actual impairment before a lawsuit can be filed.

As a result of the above developments, the filing rate of new claims against us over the past few years has decreased to below pre-2001 levels, and we were named as a defendant in zero, zero, and two new silicosis cases filed in 2023, 2022, and 2021, respectively. During the six months ended June 30, 2024, no new claims were brought against U.S. Silica. As of June 30, 2024, there were 39 active silica-related product liability claims pending in which U.S. Silica is a defendant. Almost all of the claims pending against us arise out of the alleged use of our silica products in foundries or as an abrasive blast media and involve various other defendants. Prior to the fourth quarter of 2012, we had insurance policies for both our predecessors that cover certain claims for alleged silica exposure for periods prior to certain dates in 1985 and 1986 (with respect to certain insurance). As a result of a settlement with a former owner and its insurers in the fourth quarter of 2012, some of these policies are no longer available to us and we will not seek reimbursement for any defense costs or claim payments from these policies. Other insurance policies, however, continue to remain available to us and will continue to make such payments on our behalf.

The silica-related litigation brought against us to date has not resulted in a material liability to us. However, we may continue to have silica-related product liability claims filed against us, including claims that allege silica exposure for periods for which we do not have insurance coverage. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, it is not reasonably possible that the ultimate resolution of these matters will have a material adverse effect on our financial position or results of operations that exceeds the accrual amounts.

For more information regarding silica-related litigation, see Part I, Item 1A. Risk Factors of our 2023 Annual Report.

In connection with the Merger, fifteen demand letters have been received by the Company sent on behalf of, and two complaints have been filed on behalf of, purported stockholders of the Company challenging the adequacy of certain disclosures made in the Company's preliminary proxy statement filed with the SEC on May 24, 2024 (the "Preliminary Proxy Statement") and the Company's definitive proxy statement filed with the SEC on June 11, 2024 (the "Definitive Proxy Statement") (collectively, the "Stockholder Actions"). The two complaints were both filed in the Supreme Court of the State of New York, County of New York and are captioned *Scott v. U.S. Silica Holdings, Inc., et al.*, Index No. 653236/2024, and *Weiss v. U.S. Silica Holdings, Inc., et al.*, Index No. 653241/2024, respectively.

The Company believes that the allegations in the Stockholder Actions are without merit. The Company denies that it has violated any laws or breached any duties to the Company's stockholders, denies all allegations in the Stockholder Actions, and believes no supplemental disclosure to the Definitive Proxy Statement was or is required under any applicable law, rule or regulation. However, solely to eliminate the burden and expense of potential litigation, to moot certain of plaintiffs' disclosure claims, to avoid potential delay or disruption to the Merger, and to provide additional information to the Company's stockholders, the Company determined to voluntarily file a supplement the Definitive Proxy Statement on July 8, 2024 (the

“Proxy Statement Supplement”). The Company believes that the disclosures set forth in the Definitive Proxy Statement comply fully with applicable law and nothing in the Proxy Statement Supplement will be deemed an admission of the legal necessity or materiality under applicable law of any of the disclosures set forth therein.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A. Risk Factors in our 2023 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Share Repurchase Program**

The following table presents the total number of shares of our common stock that we repurchased during the second quarter of 2024, the average price paid per share, the number of shares that we repurchased as part of our share repurchase program, and the approximate dollar value of shares that still could have been repurchased at the end of the applicable fiscal period pursuant to our share repurchase program:

Period	Total Number of Shares Withheld ⁽²⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program ⁽¹⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾
April 1, 2024 - April 30, 2024	18,255	\$ 13.17	—	126,540,060
May 1, 2024 - May 31, 2024	1,214	\$ 15.53	—	126,540,060
June 1, 2024 - June 30, 2024	609	\$ 15.51	—	126,540,060
Total	20,078	\$ 13.39	—	

- (1) In May 2018, our Board of Directors authorized and announced the repurchase of up to \$200 million of our common stock from time to time on the open market or in privately negotiated transactions. Stock repurchases, if any, will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. As of June 30, 2024, we have repurchased a total of 5,036,139 shares of our common stock at an average price of \$14.59.
- (2) Shares withheld by U.S. Silica to pay taxes due upon the vesting of employee restricted stock and restricted stock units for the months ended April 30, May 31, and June 30, 2024, respectively.

We did not repurchase any shares of common stock under our share repurchase program during the three and six months ended June 30, 2024.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Safety is one of our core values and we strive to achieve a workplace free of injuries and occupational illnesses. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Quarterly Report filed on Form 10-Q.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), as amended (the "Rule") or any "non-Rule 10b5-1 trading arrangement".

ITEM 6. EXHIBITS

Incorporated by Reference

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date
2.1@	Agreement and Plan of Merger, dated as of April 26, 2024, by and among U.S. Silica Holdings, Inc., Star Holding, LLC and Star Merger Co.	8-K	001-35416	2.1	April 26, 2024
3.1	Third Amended and Restated Certificate of Incorporation of U.S. Silica Holdings, Inc., effective May 4, 2017.	8-K	001-35416	3.1	May 10, 2017
3.2	Third Amended and Restated Bylaws of U.S. Silica Holdings, Inc., effective May 4, 2017.	8-K	001-35416	3.2	May 10, 2017
10.1+	Sixth Amended and Restated U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan, as amended and restated effective May 9, 2024.	8-K	001-35416	10.1	May 10, 2024
31.1*	Rule 13a-14(a)/15(d)-14(a) Certification by Bryan A. Shinn, Chief Executive Officer.				
31.2*	Rule 13a-14(a)/15(d)-14(a) Certification by Kevin J. Hough, Chief Financial Officer.				
32.1#	Section 1350 Certification by Bryan A. Shinn, Chief Executive Officer.				
32.2#	Section 1350 Certification by Kevin J. Hough, Chief Financial Officer.				
95.1*	Mine Safety Disclosure.				
101*	101.INS XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document 101.SCH Inline XBRL Taxonomy Extension Schema 101.CAL Inline XBRL Taxonomy Extension Calculation 101.LAB Inline XBRL Taxonomy Extension Labels 101.PRE Inline XBRL Taxonomy Extension Presentation 101.DEF Inline XBRL Taxonomy Extension Definition				
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

+ Management contract or compensatory plan/arrangement

* Filed herewith

Furnished herewith

@ Schedules and exhibits omitted pursuant to Item 601(a)(5) of Regulation S-K. Copies of any omitted schedule or exhibit will be furnished to the SEC upon request.

We will furnish to any of our stockholders a copy of any of the above exhibits upon the written request of such stockholder.

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, this 31st day of July 2024.

U.S. Silica Holdings, Inc.

/s/ KEVIN J. HOUGH

Name: Kevin J. Hough
Executive Vice President & Chief
Financial Officer (Authorized Signatory
and Principal Financial Officer)

Title:

CERTIFICATION

I, Bryan A. Shinn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of U.S. Silica Holdings, Inc. (the “Company”) for the quarter ended June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s 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 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.

Dated: July 31, 2024

/s/ BRYAN A. SHINN

Name: Bryan A. Shinn

Title: Chief Executive Officer

CERTIFICATION

I, Kevin J. Hough, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of U.S. Silica Holdings, Inc. (the “Company”) for the quarter ended June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s 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 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.

Dated: July 31, 2024

/s/ KEVIN J. HOUGH

Name: Kevin J. Hough

Title: Executive Vice President and Chief
Financial Officer

SECTION 1350 CERTIFICATION

I, Bryan A. Shinn, Chief Executive Officer, U.S. Silica Holdings, Inc. (the "Company"), hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Dated: July 31, 2024

/s/ BRYAN A. SHINN

Name: Bryan A. Shinn

Title: Chief Executive Officer

A signed copy of this original statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

SECTION 1350 CERTIFICATION

I, Kevin J. Hough, Chief Financial Officer, U.S. Silica Holdings, Inc. (the "Company"), hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Dated: July 31, 2024

/s/ KEVIN J. HOUGH

Name: Kevin J. Hough

Title: Executive Vice President and Chief
Financial Officer

A signed copy of this original statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

Exhibit 95.1

Mine Safety Disclosure

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

Mine Safety Information. Whenever the Federal Mine Safety and Health Administration (“MSHA”) believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA District’s approach to enforcement. Due to timing and other factors, the data below may not agree with the mine data retrieval system maintained by the MSHA at www.MSHA.gov

The following table details the citations and orders issued and civil penalties assessed to us by MSHA during the quarter ended June 30, 2024:

(whole dollars)

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b) (2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed (1)	Total Number of Mining Related Fatalities	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Received Notice of Pattern Under Section 104(e) (yes/no)
Berkley Springs, WV / 4602805	0	0	0	0	0	\$0.00	0	No	No
Celatom Mine, OR / 3503237	0	0	0	0	0	\$0.00	0	No	No
Celatom Plant, OR / 3503236	1	0	0	0	0	\$0.00	0	No	No
Cheto Mine, AZ / 0200103	0	0	0	0	0	\$0.00	0	No	No
Clark, NV / 2600677	0	0	0	0	0	\$0.00	0	No	No
Columbia, SC / 3800138	0	0	0	0	0	\$1,981.00	0	No	No
Crane, TX / 4105331	16	0	0	0	0	\$11,973.00	0	No	No
Dubberly, LA / 1600489	0	0	0	0	0	\$0.00	0	No	No
Fernley, NV / 2601950	0	0	0	0	0	\$0.00	0	No	No
Festus, MO 2377	0	0	0	0	0	\$0.00	0	No	No
Fowlkes Mine, MS 2200460	0	0	0	0	0	\$0.00	0	No	No
Hazen Mine, NV/ 2600679	0	0	0	0	0	\$0.00	0	No	No
Hurtsboro, AL / 0100617	0	0	0	0	0	\$147.00	0	No	No
Jackson, MS / 2200415	0	0	0	0	0	\$204.00	0	No	No

Jackson, TN / 4002937	0	0	0	0	0	\$0.00	0	No	No
Kosse, TX / 4100262	0	0	0	0	0	\$0.00	0	No	No
Lamesa, TX / 4105363	1	0	0	0	0	\$0.00	0	No	No
Lovelock (Colado Plant) / 2600680	1	0	0	0	0	\$0.00	0	No	No
Lovelock, NV (Colado Mine) / 2600672	0	0	0	0	0	\$0.00	0	No	No
Mapleton, PA / 3603122	0	0	0	0	0	\$441.00	0	No	No
Mauricetown, NJ / 2800526	0	0	0	0	0	\$378.00	0	No	No
Middletown, TN / 4002968	0	0	0	0	0	\$143.00	0	No	No
Mill Creek Mine, OK / 3400836	0	0	0	0	0	\$0.00	0	No	No
Mill Creek Plant, OK / 3400347	0	0	0	0	0	\$0.00	0	No	No
Millen, GA / 0901232	0	0	0	0	0	\$0.00	0	No	No
Montpelier, VA / 4402829	0	0	0	0	0	\$0.00	0	No	No
Ottawa, IL / 1101013	3	0	0	0	0	\$13,496.00*	0	No	No
Pacific, MO / 2300544	0	0	0	0	0	\$0.00*	0	No	No
Popcorn Mine, NV / 2602236	0	0	0	0	0	\$0.00	0	No	No
Port Elizabeth, NJ / 2800510	0	0	0	0	0	\$0.00	0	No	No
Rockwood, MI / 2000608	0	0	0	0	0	\$0.00	0	No	No
Sparta, WI / 4703644	0	0	0	0	0	\$294.00	0	No	No
Tyler, TX /4104182	0	0	0	0	0	\$0.00	0	No	No
Utica, IL / 1103268	0	0	0	0	0	\$0.00	0	No	No

(1) Amounts included are the total dollar value of proposed assessments received from MSHA from April 1, 2024 through June 30, 2024, regardless of whether the assessment has been challenged or appealed. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by the MSHA District's approach to enforcement and vary depending on the size and type of the operation

* As of June 30, 2024, MSHA had not yet proposed an assessment for 1 S&S citation to the Ottawa Mine, IL

* As of June 30, 2024, MSHA had not yet proposed an assessment for 1 non-S&S citation to Pacific Plant, MO

Pending Legal Actions. The following table provides a summary of legal actions pending before the Federal Mine Safety and Health Review Commission (Commission) an independent adjudicative body that provides administrative trial and appellate review of legal disputes arising under the Mine Act. These cases may involve, among other questions, challenges by the operators to citations, orders, and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105(c) of the Mine Act. The following is a brief description of the types of proceedings that may be brought before the Commission:

Contests of Citations and Orders: A contest proceeding may be filed with the Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA, including citations related to disputed provisions of operators' emergency response plans.

Contests of Proposed Penalties (Petitions for Assessment of Penalties): A contest of a proposed penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the

Mill Creek Plant, OK / 3400377	0	0	0	0	0	0	0	0
Millen, GA / 0901232	0	0	0	0	0	0	0	0
Montpelier, VA / 4402829	0	0	0	0	0	0	0	0
Ottawa, IL / 1101013	0	0	0	0	0	35	0	0
Pacific, MO / 2300544	0	0	0	0	0	0	0	6
Popcorn Mine, NV / 2602236	0	0	0	0	0	0	0	0
Port Elizabeth, NJ / 2800510	0	0	0	0	0	0	0	0
Rockwood, MI / 2000608	0	2	0	0	0	2	2	0
Sparta, WI / 4703644	0	0	0	0	0	0	0	0
Tyler, TX /4104182	0	0	0	0	0	0	0	0
Utica, IL / 1103268	0	0	0	0	0	0	0	0

Legal actions pending at June 30, 2024, and legal actions initiated from April 1, 2024 to June 30, 2024 are based on the date that a docket number was assigned to the proceedings. Legal actions resolved from April 1, 2024 through June 30, 2024 are based on the date that a final decision is issued regarding the disputed matter effectively closing the matter.