UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For The Quarterly Period Ended July 31, 2020

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

For the transition period from _____ to

Commission File No. 001-38609

KLX Energy Services Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	36-4904146
(State of Incorporation)	(I.R.S. Employer Identification No.)

1415 Louisiana Street, Suite 2900
Houston, Texas 77002
(832) 518-4094

(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)

1300 Corporate Center Way
Wellington, Florida 33414
(561) 383-5100

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.01 Par Value	KLXE	The Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

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

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

The registrant has one class of common stock, $0.01 par value, of which 8,401,500 shares were outstanding as of September 3, 2020.

KLX Energy Services Holdings, Inc.
Form 10-Q
Table of Contents

PART 1 – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KLX Energy Services Holdings, Inc.
Condensed Consolidated Balance Sheets
(In millions of U.S. dollars and shares)
(Unaudited)

	July 31, 2020	January 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 98.5	$ 123.5
Accounts receivable–trade, net of allowance of $5.1 and $12.9	40.5	79.2
Inventories, net	26.7	12.0
Other current assets	13.8	13.8
Total current assets	179.5	228.5
Property and equipment, net	234.1	306.8
Goodwill	—	28.3
Intangible assets, net	2.6	45.8
Other assets	8.9	14.0
Total assets	$ 425.1	$ 623.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33.1	$ 31.4
Accrued interest	7.2	7.2
Accrued liabilities	33.8	26.2
Total current liabilities	74.1	64.8
Long-term debt	243.4	243.0
Deferred income taxes	0.1	—
Other non-current liabilities	7.8	3.4
Commitments, contingencies and off-balance sheet arrangements		
Stockholders' equity:		
Common stock, $0.01 par value; 110.0 authorized; 8.5 and 5.0 issued [(1)]	0.1	0.1
Additional paid-in capital	468.0	416.6
Treasury stock, at cost, 0.1 shares and 0.1 shares [(1)]	(4.0)	(3.6)
Accumulated deficit	(364.4)	(100.9)
Total stockholders' equity	99.7	312.2
Total liabilities and stockholders' equity	$ 425.1	$ 623.4

(1) Common stock and treasury stock were retroactively adjusted for the Company's 1-for-5 Reverse Stock Split effective July 28, 2020. See Note 1.

See accompanying notes to condensed consolidated financial statements.

KLX Energy Services Holdings, Inc.
Condensed Consolidated Statements of Operations
(In millions of U.S. dollars, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Revenues	$ 36.2	$ 164.9	$ 119.2	$ 310.7
Costs and expenses:				
Cost of sales	48.1	129.4	140.3	248.3
Selling, general and administrative	41.8	23.7	59.2	47.5
Research and development costs	0.2	0.8	0.5	1.5
Goodwill and long-lived asset impairment charge	—	—	208.7	—
Bargain purchase gain	41.1	—	41.1	—
Operating (loss) earnings	(12.8)	11.0	(248.4)	13.4
Non-operating expense:				
Interest expense, net	7.6	7.4	15.0	14.5
(Loss) earnings before income tax	(20.4)	3.6	(263.4)	(1.1)
Income tax expense	—	0.1	0.1	0.4
Net (loss) earnings	$ (20.4)	$ 3.5	$ (263.5)	$ (1.5)
Net (loss) earnings per share - basic [1]	$ (4.12)	$ 0.78	$ (55.00)	$ (0.34)
Net (loss) earnings per share - diluted [1]	$ (4.12)	$ 0.78	$ (55.00)	$ (0.34)

(1) Basic and diluted net (loss) earnings per share were retroactively adjusted for the Company's 1-for-5 Reverse Stock Split effective July 28, 2020. See Note 1.

See accompanying notes to condensed consolidated financial statements.

KLX Energy Services Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
Three and Six Months Ended July 31, 2020 and 2019
(*In millions of U.S. dollars*)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 31, 2020	5.0	$ 0.1	$ 416.6	$ (3.6)	$ (100.9)	$ 312.2
Restricted stock, net of forfeitures	—	—	(0.7)	—	—	(0.7)
Purchase of treasury stock	—	—	—	(0.3)	—	(0.3)
Red Bone acquisition price shares reserved	0.1	—	—	—	—	—
Net loss	—	—	—	—	(243.1)	(243.1)
Balance at April 30, 2020	5.1	0.1	415.9	(3.9)	(344.0)	68.1
Restricted stock, net of forfeitures	—	—	17.4	(0.1)	—	17.3
QES acquisition price shares issuance	3.4	—	34.7	—	—	34.7
Net loss	—	—	—	—	(20.4)	(20.4)
Balance at July 31, 2020	8.5	$ 0.1	$ 468.0	$ (4.0)	$ (364.4)	$ 99.7

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 31, 2019	4.5	$ —	$ 345.2	$ —	$ (4.5)	$ 340.7
Restricted stock, net of forfeitures	—	—	4.4	—	—	4.4
Tecton acquisition price shares issuance	0.1	—	12.1	—	—	12.1
Red Bone acquisition price shares reserved	—	—	36.4	—	—	36.4
Tecton acquisition shares escrowed	—	—	—	(1.4)	—	(1.4)
Net loss	—	—	—	—	(5.0)	(5.0)
Balance at April 30, 2019	4.6	—	398.1	(1.4)	(9.5)	387.2
Sale of stock under employee stock purchase plan	—	—	0.9	—	—	0.9
Restricted stock, net of forfeitures	—	—	4.5	—	—	4.5
Red Bone acquisition price shares issuance	0.1	—	—	—	—	—
Net earnings	—	—	—	—	3.5	3.5
Balance at July 31, 2019	4.7	$ —	$ 403.5	$ (1.4)	$ (6.0)	$ 396.1

See accompanying notes to condensed consolidated financial statements.

KLX Energy Services Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions of U.S. dollars)
(Unaudited)

	Six Months Ended	
	July 31, 2020	**July 31, 2019**
Cash flows from operating activities:		
Net loss	$ (263.5)	$ (1.5)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities		
Depreciation and amortization	29.1	31.3
Goodwill and long-lived asset impairment charge	208.7	—
Non-cash compensation	16.7	9.1
Amortization of deferred financing fees	0.6	0.5
Provision for inventory reserve	1.4	0.7
Change in allowance for doubtful accounts	(7.8)	1.8
Loss on disposal of property, equipment and other	0.7	1.4
Bargain purchase gain	(41.1)	—
Changes in operating assets and liabilities:		
Accounts receivable	58.8	(26.5)
Inventories	(2.2)	1.4
Other current and non-current assets	6.0	0.6
Accounts payable	(22.2)	(0.2)
Other current and non-current liabilities	(0.7)	(6.7)
Net cash flows (used in) provided by operating activities	(15.5)	11.9
Cash flows from investing activities:		
Purchases of property and equipment	(8.5)	(56.8)
Proceeds from sale of property and equipment	0.4	0.3
Acquisitions, net of cash acquired	(1.0)	(27.6)
Net cash flows used in investing activities	(9.1)	(84.1)
Cash flows from financing activities:		
Purchase of treasury stock	(0.4)	—
Cash proceeds from stock issuance	—	0.8
Net cash flows (used in) provided by financing activities	(0.4)	0.8
Net decrease in cash and cash equivalents	(25.0)	(71.4)
Cash and cash equivalents, beginning of period	123.5	163.8
Cash and cash equivalents, end of period	$ 98.5	$ 92.4
Supplemental disclosures of cash flow information:		
Cash paid during period for:		
Income taxes paid, net of refunds	$ 0.3	$ 1.0
Interest	14.6	14.7
Supplemental schedule of non-cash activities:		
Issuance of common stock and stock based payments for QES acquisition	$ 34.7	$ —
Change in deposits on capital expenditures	(5.4)	(4.5)
Accrued capital expenditures	1.2	8.4

See accompanying notes to condensed consolidated financial statements.

KLX Energy Services Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited – In millions of U.S. dollars)

NOTE 1 - Description of Business and Basis of Presentation

Description of Business

KLX Energy Services Holdings, Inc. (the "Company", "KLXE" or "KLX Energy Services") is a growth-oriented provider of diversified oilfield services to leading onshore oil and natural gas exploration and production ("E&P") companies operating in both conventional and unconventional plays in all of the active major basins throughout the United States. The Company delivers mission critical oilfield services focused on drilling, completion, production and intervention activities for the most technically demanding wells in over 60 service and support facilities located in the United States.

The Company offers a complementary suite of proprietary products and specialized services that is supported by technically skilled personnel and a broad portfolio of innovative in-house manufacturing, repair and maintenance capabilities. KLXE's primary services include directional drilling, pressure control, wireline, coiled-tubing, rig-assisted snubbing, fluid pumping, flowback, testing, fishing and well control services. KLXE's primary rentals and products include hydraulic fracturing stacks, blow out preventers, downhole tools, dissolvable plugs and accommodation units.

On July 24, 2020, the KLXE stockholders approved an amendment to the amended and restated certificate of incorporation of KLXE (the "Reverse Stock Split Amendment") to effect a reverse stock split of KLXE common stock at a ratio within a range of 1-for-5 and 1-for-10 (the "Reverse Stock Split"), as determined by KLXE's board of directors (the "Board"). The Board subsequently resolved to implement the Reverse Stock Split at a ratio of 1-for-5.

On July 28, 2020, KLX Energy Services, Krypton Intermediate, LLC, an indirect wholly owned subsidiary of KLXE, Krypton Merger Sub, Inc., an indirect wholly owned subsidiary of KLXE ("Merger Sub"), and Quintana Energy Services Inc. ("QES"), completed the previously announced acquisition of QES, by means of a merger of Merger Sub with and into QES, with QES surviving the merger as a subsidiary of KLXE (the "Merger"). On July 28, 2020, immediately prior to the consummation of the Merger, the Reverse Stock Split Amendment became effective and thereby effectuated the 1-for-5 Reverse Stock Split of the Company's issued and outstanding common stock.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All adjustments which, in the opinion of the Company's management, are considered necessary for a fair presentation of the results of operations for the periods shown are of a normal recurring nature and have been reflected in the condensed consolidated financial statements. The results of operations for the periods presented are not necessarily indicative of the results expected for the full fiscal year 2020 or for any future period. The information included in these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated financial statements present the combined KLXE and QES's financial position as of July 31, 2020, and includes QES's results for the final three days of the Company's second fiscal quarter, July 29, 2020 through July 31, 2020.

NOTE 2 - Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform ("Topic 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting and, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The amendments in this ASU are elective and apply to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments in this ASU are effective for all entities, if elected, through December 31, 2022. While the exact impact of this standard is not known, the guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

In December 2019, FASB issued ASU 2019-12, Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes. This ASU is intended to simplify aspects of income tax approach for intraperiod tax allocations when there is a loss from continuing operations and income or a gain from other items, and to provide a general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. Topic 740 also provides guidance to simplify how an entity recognizes a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, and evaluations of when step ups in the tax basis of goodwill should be considered part of a business combination. Companies should also reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The guidance is effective for the Company for the fiscal year beginning February 1, 2022. While the exact impact of this standard is not known, the guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows ("Topic 230"): Classification of Certain Cash Receipts and Cash Payments, which addresses how certain cash receipts and payments are presented and classified in the statement of cash flows. These cash flow issues include debt prepayment or extinguishment costs, settlement of zero-coupon debt, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted, and should be applied retrospectively. The adoption of ASU 2016-15 did not have a material impact on the Company's condensed consolidated financial statements as the Company's condensed consolidated statements of cash flows are not affected by the eight issues listed above.

In June 2016, FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("Topic 326"): Measurement of Credit Losses on Financial Instruments. This ASU is intended to update the measurement of credit losses on financial instruments. This update improves financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope by using the Current Expected Credit Losses ("CECL") model. This guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. The new accounting standard introduces the CECL methodology for estimating allowances for credit losses. The Company is an oilfield service company and as of July 31, 2020 had a third-party accounts receivable balance, net of allowance, of $40.5. Topic 326 is not expected to have a material impact on the Company's condensed consolidated balance sheets or its condensed consolidated statements of operations.

In February 2016, FASB issued ASU 2016-02, Leases ("Topic 842"), which supersedes ASC Topic 840, Leases. Topic 842 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative

and qualitative disclosures surrounding leases. Topic 842 will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In November 2019, FASB deferred the effective date for implementation of Topic 842 by one year and, in June 2020, FASB deferred the effective date by an additional year. The guidance under Topic 842 is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Earlier adoption is permitted. To assess the impact of this guidance, the Company has established a cross functional implementation project team and is currently in the process of accumulating and evaluating all the necessary information required to properly account for its lease portfolio under the new standard. The Company is in the process of developing its new accounting policies and determining the potential aggregate impact this guidance is likely to have on its financial statements as of its adoption date.

NOTE 3 - Business Combinations

QES Merger

On July 28, 2020, the Company completed the Merger with QES, a diversified provider of oilfield services to onshore oil and natural gas E&P companies operating in the United States. The Merger purchase price was approximately $44.4 with cash paid to settle QES debt, comprised of 3.4 shares of the Company's common stock. Based on the Company's preliminary purchase price allocation, the purchase price was less than the fair value of the identifiable assets acquired, which resulted in a $41.1 bargain purchase gain being recorded on the condensed consolidated statements of operations for the three and six months ended July 31, 2020. In connection with the closing of the Merger, $9.7 in outstanding borrowings and associated fees and expenses of QES's five-year asset-based revolving credit agreement (the "QES ABL Facility") were paid off. In addition, the Company assumed certain QES compensation agreements, including restricted stock units ("RSU"), with an estimated fair value of $2.0. Based on the service period related to the period prior to the acquisition date, $0.4 was allocated to the purchase price, and $1.6 relating to post-acquisition services will be recorded as operating expenses over the remaining requisite service periods. RSUs were valued based on the July 28, 2020 grant date.

The Merger was accounted for as a purchase under FASB ASC 805, Business Combinations ("ASC 805"). The results of operations for the acquisition are included in the accompanying condensed consolidated statements of operations from the respective date of acquisition.

The fair values assigned to certain assets acquired and liabilities assumed in relation to the Company's acquisition have been prepared on a preliminary basis with information currently available and are subject to change. The Company expects to finalize its analysis during fiscal 2020. The following table summarizes the fair values of assets acquired and liabilities assumed in the Merger in accordance with ASC 805:

	QES
Cash	$ 8.7
Accounts receivable-trade	12.2
Inventories	14.0
Other current and non-current assets	6.4
Property and equipment	84.0
Accounts payable	(27.2)
Other current and non-current liabilities	(12.6)
Bargain purchase	(41.1)
Total purchase price [1]	$ 44.4

(1) The total consideration transferred of $44.4 includes a cash transfer of $9.7 to pay off a QES ABL Facility.

The amount of QES revenues and operating loss included in the Company's results was approximately $0.7 and $2.2 for both the three and six months ended July 31, 2020, respectively.

Unaudited Supplemental Pro Forma Information

The unaudited supplemental pro forma financial information has been provided for illustrative purposes only and does not purport to be indicative of the actual results that would have been achieved by combining the companies for the periods presented, or of the results that may be achieved by the combined companies in the future. Further, results may vary significantly from the results reflected in the following unaudited supplemental pro forma financial information because of future events and transactions, as well as other factors. The unaudited supplemental pro forma financial information does not include adjustments to reflect the impact of other cost savings or synergies that may result from the Merger.

On a pro forma basis to give effect to the Merger, as if it occurred on February 1, 2019, revenues, net loss and loss per diluted share for the three and six months ended July 31, 2020 and 2019 would have been as follows:

	Unaudited Pro Forma			
	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Revenues	$ 54.5	$ 292.5	$ 212.7	$ 572.9
Net loss	54.8	4.4	317.8	18.9
Loss per diluted share	6.52	0.56	38.76	2.42

2019 Acquisitions

On March 15, 2019, the Company acquired Tecton Energy Services ("Tecton"), a provider of flowback and production testing services, operating primarily in the Rocky Mountains. On March 19, 2019, the Company acquired Red Bone Services LLC ("Red Bone"), a provider of fishing and thru-tubing services in the Mid-Continent. The aggregate acquisition price of the acquisitions was approximately $74.6, comprised of approximately $47.0 in shares of the Company's common stock issuable over time at a fixed price and approximately $27.6 in cash to the sellers and for the retirement of debt. Based on the Company's final purchase price allocation, the excess of the purchase price over the fair value of the identifiable assets acquired approximated $51.2, of which $19.4 was allocated to identifiable intangible assets consisting of customer contracts and relationships and covenants not to compete, and $31.8 was allocated to goodwill. The useful life assigned to the customer contracts and relationships is 10 years, and the covenants not to compete are being amortized over their contractual periods of 1.5 - 3 years for Tecton and Red Bone.

The Tecton and Red Bone acquisitions were accounted for as purchases under ASC 805. The results of operations for the acquisitions are included in the accompanying condensed consolidated statements of operations from the respective dates of acquisition. The following table summarizes the fair values of assets acquired and liabilities assumed in the Tecton and Red Bone acquisitions in accordance with ASC 805:

	Tecton	Red Bone
Accounts receivable-trade	$ 2.1	$ 7.2
Inventories	—	2.7
Other current and non-current assets	0.2	—
Property and equipment	2.8	23.6
Goodwill	15.0	16.8
Identified intangibles	6.2	13.2
Accounts payable and accrued liabilities	(2.1)	(4.2)
Other current and non-current liabilities	(1.6)	(7.3)
Total consideration paid	$ 22.6	$ 52.0

The majority of goodwill and intangible assets for Tecton and Red Bone are not expected to be deductible for tax purposes.

The Company has substantially integrated Red Bone and, as a result, it is not practicable to report stand-alone revenues and operating earnings of the acquired business since the acquisition date. The amount of Tecton revenues included in the Company's results was approximately $6.0 and $9.1 for the three and six months ended

July 31, 2019, respectively. It is not practicable to report stand-alone operating earnings of Tecton since the acquisition date.

On a pro forma basis to give effect to the Tecton and Red Bone acquisitions, as if they occurred on February 1, 2019, revenues, net earnings (loss) and earnings (loss) per diluted share for the three and six months ended July 31, 2019 would have been as follows:

	Unaudited Pro Forma	
	Three Months Ended	Six Months Ended
	July 31, 2019	July 31, 2019
Revenues	$ 164.9	$ 318.4
Net earnings (loss)	3.5	(1.0)
Earnings (loss) per diluted share	0.16	(0.05)

NOTE 4 - Inventories

Inventories consisted of the following:

	July 31, 2020	January 31, 2020
Supplies	$ 14.3	$ 5.6
Plugs	6.4	6.1
Consumables	6.2	1.0
Work-in-progress	—	0.2
Other	2.3	0.6
Total inventories	$ 29.2	$ 13.5

Inventories, which consist of finished goods, primarily include packers, plugs and other consumables used to perform services for customers. The Company values inventories at the lower of cost or net realizable value. Inventory reserves were approximately $2.5 and $1.5 as of July 31, 2020 and January 31, 2020, respectively.

NOTE 5 - Property and Equipment, Net

Property and equipment consisted of the following:

	Useful Life (Years)			July 31, 2020	January 31, 2020
Land, buildings and improvements	1	—	40	$ 44.0	$ 38.2
Machinery	1	—	20	229.4	257.9
Furniture and equipment	1	—	15	178.5	216.7
Total property and equipment				451.9	512.8
Less accumulated depreciation				217.8	206.0
Property and equipment, net				$ 234.1	$ 306.8

Depreciation expense was $10.1 and $15.4 for the three months ended July 31, 2020 and 2019, respectively and $25.3 and $29.4 for the six months ended July 31, 2020 and 2019, respectively.

Assets Held for Sale

As of July 31, 2020, the Company's condensed consolidated balance sheet includes assets classified as held for sale of $3.5. The assets held for sale are reported within other current assets on the condensed consolidated balance sheet and represent the value of two operational facilities. In light of the current market environment, the Company has consolidated operations within certain geographies rendering these locations unnecessary to support the efficient operations of the Company. These assets are being actively marketed for sale as of July 31, 2020 and are recorded at the lower of their carrying value or fair value less costs to sell.

NOTE 6 - Goodwill and Intangible Assets, Net

The following sets forth the intangible assets by major asset class, all of which were acquired through business purchase transactions:

		July 31, 2020			January 31, 2020		
	Useful Life (Years)	Original Cost	Accumulated Amortization	Net Book Value	Original Cost	Accumulated Amortization	Net Book Value
Customer contracts and relationships [1]	10	$ 5.7	$ 3.1	$ 2.6	$ 43.0	$ 2.4	$ 40.6
Covenants not to compete	1.5 - 3	0.5	0.5	—	4.7	1.9	2.8
Developed technologies	15	—	—	—	3.3	0.9	2.4
Total intangible assets		$ 6.2	$ 3.6	$ 2.6	$ 51.0	$ 5.2	$ 45.8

(1) The customer contracts and relationships intangible asset's useful life was reduced from 20 to 10 years as of July 31, 2020.

Amortization expense associated with intangible assets was $2.8 and $1.1 for the three months ended July 31, 2020 and 2019, respectively, and $3.8 and $1.9 for the six months ended July 31, 2020 and 2019, respectively. Due to the accelerated amortization of intangible assets, the Company does not expect to recognize future material amortization expense related to intangible assets. During the three months ended July 31, 2020, accelerated amortization of $2.7 was recognized related to the Company's customer contracts and relationships long-lived intangible. Actual future amortization expense may be different due to future acquisitions, impairments, changes in amortization periods or other factors.

Goodwill and indefinite life intangible assets are tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of the asset has decreased below its carrying value. The oilfield service industry experienced an abrupt deterioration in demand during the second half of 2019, which has continued into 2020. During the first quarter of 2020, the novel coronavirus ("COVID-19") pandemic emerged and applied significant downward pressure on the global economy and oil demand and prices, leading North American operators to announce significant cuts to planned 2020 capital expenditures. The combination of the COVID-19 pandemic and supply concerns has driven a steep drop in oil prices, leading to decreases in demand for the Company's services and lower current and expected revenues for the Company.

Based on the impairment indicators above, the Company performed a long-lived asset impairment analysis during the three months ended April 30, 2020, and concluded that the carrying amount of the long-lived assets exceeded the relative fair values of two of the reporting units asset groups. As a result, the Company recorded a $180.4 long-lived asset impairment charge, $39.2 related to identified intangible assets and $141.2 related to property and equipment, which is included in the condensed consolidated statements of operations for the six months ended July 31, 2020. This charge reflects $91.3 and $89.1 of the long-lived assets attributable to the Southwest and Northeast/Mid-Con segments, respectively.

Determining fair value requires the use of estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating profit margins, weighted average cost of capital, terminal growth rates, future market share and future market conditions, among others. The Company's cash flow projections were a significant input into the April 30, 2020 fair values. See Note 9 for additional information regarding the fair value determination. If the Company continues to be unable to achieve projected results or long-term projections are adjusted downward, it could negatively impact future valuations of the Company’s long-lived assets.

The valuation of the Company and its reportable segments’ goodwill impairment test was estimated using the guideline public company analysis and the discounted cash flow analysis, which were equally weighted in the fair value analysis. See Note 9 for additional information regarding the fair value determination. The results of the goodwill impairment test as of April 30, 2020 indicated that goodwill was impaired because the carrying value of the Rocky Mountains reporting unit exceeded its relative fair value. Accordingly, the Company recorded a $28.3 goodwill impairment charge, which is included in the condensed consolidated statements of operations

for the six months ended July 31, 2020. This charge reflects the full value of the goodwill attributable to the Rocky Mountains segment, leaving the Company with no goodwill as of July 31, 2020. No additional goodwill impairment tests were performed in the second quarter of 2020 because the full value of goodwill was impaired during the first quarter.

During the second quarter 2020, review of the customer relationship intangible assets, an analysis of the future contributions to revenue from these customers resulted in forecast declines of approximately 50%. As a result of our review, we recognized a charge of $2.7 reflecting accelerated amortization to reduce the carrying value of our customer relationships intangible was recorded. The accelerated amortization charge is included in the condensed consolidated statements of operations for the three and six months ended July 31, 2020.

NOTE 7 - Accrued Liabilities

Accrued liabilities consisted of the following:

	July 31, 2020	January 31, 2020
Accrued salaries, vacation and related benefits	$ 18.8	$ 13.9
Accrued property taxes	4.5	2.3
Accrued incentive compensation	0.8	2.3
Other accrued liabilities	9.7	7.7
Total accrued liabilities	$ 33.8	$ 26.2

NOTE 8 - Long-Term Debt

As of July 31, 2020, long-term debt consisted of $250.0 principal amount of 11.5% senior secured notes due 2025 (the “Notes”) offered pursuant to Rule 144A under the Securities Act of 1933 (as amended, the "Securities Act") and to certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. On a net basis, after taking into consideration the debt issuance costs for the Notes, total debt as of July 31, 2020 was $243.4.

As of July 31, 2020, the Company also had a $100.0 asset-based revolving credit facility pursuant to a senior secured credit agreement dated August 10, 2018 (the “ABL Facility”). The ABL Facility became effective on September 14, 2018 and matures in September 2023. On October 22, 2018, the ABL Facility was amended primarily to permit the Company to issue the Notes and acquire Motley Services, LLC (“Motley”) and the definition of the required ratio (as defined in the ABL Facility) was also amended as a result of the Notes issuance.

Borrowings under the ABL Facility bear interest at a rate equal to LIBOR plus the applicable margin (as defined in the ABL Facility). There were no outstanding amounts under the ABL Facility as of July 31, 2020.

The ABL Facility is tied to a borrowing base formula and has no maintenance financial covenants. The ABL Facility is secured by, among other things, a first priority lien on the Company’s accounts receivable and inventory and contains customary conditions precedent to borrowing and affirmative and negative covenants, all of which were met as of July 31, 2020. Availability under the ABL Facility was $14.9 and $60.0 as of July 31, 2020 and January 31, 2020, respectively. The decrease in availability during the during the six months ended July 31, 2020 is primarily related to lower levels of activity and correspondingly lower levels of accounts receivable at July 31, 2020.

Letters of credit outstanding under the ABL Facility equaled an aggregate of $6.3 at July 31, 2020.

NOTE 9 - Fair Value Information

All financial instruments are carried at amounts that approximate estimated fair value. The fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. Assets measured at fair value are categorized based upon the lowest level of significant input to the valuations.

Level 1 – quoted prices in active markets for identical assets and liabilities.

Level 2 – quoted prices for identical assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 – unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The carrying amounts of cash and cash equivalents, accounts receivable-trade and accounts payable represent their respective fair values due to their short-term nature. There was no debt outstanding under the ABL Facility as of July 31, 2020. The fair value of the Company's Notes, based on market prices for publicly traded debt, which the Company classifies as Level 2 inputs, was $125.0 and $202.5 as of July 31, 2020 and January 31, 2020, respectively.

During the six months ended July 31, 2020, goodwill and long-lived assets, including certain property and equipment and purchased intangibles subject to amortization, were impaired as a result of a first quarter 2020 interim goodwill and long-lived asset impairment tests. The goodwill Level 3 fair value was determined using the average of the guideline public company analysis and the discounted cash flow analysis, both of which were unobservable. The long-lived asset Level 3 fair value was determined using the discounted cash flow analysis using the market and income approaches, both of which were unobservable.

Fair value is measured as of the impairment date. The following table summarizes the related post-impairment fair values of the corresponding assets.

	July 31, 2020	January 31, 2020
	Fair Value [1]	Carrying Value
Property and equipment, net	$ 52.8	$ 194.0
Goodwill	—	28.3
Intangible assets	—	39.2
	$ 52.8	$ 261.5

[1] See Note 6 for a discussion of the changes in goodwill and long-lived asset values due to impairment charges recorded during the six months ended July 31, 2020.

NOTE 10 - Commitments, Contingencies and Off-Balance-Sheet Arrangements

Environmental Regulations & Liabilities

The Company is subject to various federal, state and local environmental laws and regulations that establish standards and requirements for the protection of the environment. The Company continues to monitor the status of these laws and regulations. However, the Company cannot predict the future impact of such laws and regulations, as well as standards and requirements, on its business, which are subject to change and can have retroactive effectiveness. Currently, the Company has not been fined, cited or notified of any environmental violations or liabilities that would have a material adverse effect on its condensed consolidated financial statement position, results of operations, liquidity or capital resources. However, management does recognize that by the very nature of its business, material costs could be incurred in the future to maintain compliance. The amount of such future expenditures is not determinable due to several factors, including the unknown magnitude of possible regulation or liabilities, the unknown timing and extent of the corrective actions which may be required,

the determination of the Company's liability in proportion to other responsible parties and the extent to which such expenditures are recoverable from insurance or indemnification.

Litigation

During the year ended January 31, 2020, the Company discovered a credit card theft of approximately $2.6 (which is included in cost of sales for the year ended January 31, 2020) and promptly reported the theft to its insurers and law enforcement. The Company has also filed suit against several third parties to recover damages related to the theft. While the Company cannot reasonably determine the outcome of this litigation at this time, it believes its insurance coverage will be available to recover some or all of this loss after the appropriate legal proceedings have concluded. The Company implemented additional expenditure controls to reduce the likelihood of similar thefts in the future, such as daily limits on all fuel cards and additional credit card activity reviews by management.

On June 9, 2020, a putative class action was filed by a purported KLXE stockholder in the United States District Court for the District of Delaware, captioned Eric Sabatini v. KLX Energy Services Holdings, Inc., et. al. (the "Sabatini Complaint"). On June 18, 2020, an individual action was filed by a purported KLXE stockholder in the United States District Court for the Southern District of New York, captioned Joey Zurchin v. KLX Energy Services Holdings, Inc., et. al. (the "Zurchin Complaint"). On June 24, 2020 an individual action was filed by a purported KLXE stockholder in the United States District Court for the District of Colorado, captioned David Cajiuat v. KLX Energy Services Holdings, Inc., et. al. (the "Cajiuat Complaint" and, together with the Sabatini Complaint and the Zurchin Complaint, the "KLXE Complaints"). The plaintiff in the Sabatini Complaint purported to bring the litigation as a securities class action on behalf of the public stockholders of KLXE. The Sabatini Complaint named as defendants KLXE, the KLXE Board, certain of KLXE's subsidiaries and QES; the Zurchin complaint named as defendants KLXE and the KLXE Board; and the Cajiuat complaint named as defendants KLXE and the KLXE Board. The KLXE Complaints alleged violations of Section 14(a) of the Exchange Act, and Rule 14a-9 promulgated thereunder, as well as, in the case of the individual defendants, QES and KLXE's subsidiaries named as defendants, the control person provisions of the Exchange Act. The Zurchin Complaint also alleged, in the case of the individual defendants, breach of the duty of candor/disclosure under state law. The KLXE Complaints alleged that the Company's registration statement on Form S-4, originally filed on June 2, 2020 (the "Registration Statement"), omitted material information with respect to the Merger, which rendered the Registration Statement false and misleading. In particular, the KLXE Complaints alleged, among other things, that the Registration Statement omitted details with respect to information regarding KLXE's and QES's financial projections, the analyses performed by Goldman Sachs Group Inc. ("Goldman Sachs"), in the case of the Sabatini Complaint, any prior work performed by Goldman Sachs for QES and, in the case of the Cajiuat Complaint, the sales process leading up to the Merger. The KLXE Complaints sought to enjoin the defendants from proceeding with the Merger, awards of the plaintiffs' costs of the action, including attorneys' and experts' fees, and such other and further relief as the court may have deemed just and proper. In addition, each of the Sabatini Complaint and the Cajiuat Complaint sought rescission of the Merger or rescissory damages if the Merger was consummated and a declaration that the defendants violated Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9, and the Sabatini Complaint sought an order directing the defendants to disseminate a registration statement that is free from material misstatement and omissions. The KLXE Complaints were subsequently voluntarily dismissed by the claimants.

On June 12, 2020, an action was filed by a purported QES stockholder in the United States District Court for the Southern District of New York, captioned Charles Matey v. Quintana Energy Services Inc., et. al. (the "Matey Complaint"). On June 19, 2020 an action was filed by a purported QES stockholder in the United States District Court for the Southern District of New York captioned Matthew Wilking v. Quintana Energy Services Inc., et. al. (the "Wilking Complaint" and, together with the Matey Complaint, the "QES Complaints").The QES Complaints named as defendants QES and the QES Board. The QES Complaints alleged violations of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder, as well as, in the case of the individual defendants, the control person provisions of the Exchange Act. The QES Complaints alleged that the Registration Statement misrepresented or omitted material information with respect to the Merger, which rendered the Registration Statement false and misleading. In particular, the QES Complaints alleged, among other things, that the Registration Statement: (a) contained material misrepresentations and omissions regarding QES's financial

projections, Tudor, Pickering, Holt & Co.'s opinion, and, in the case of the Matey Complaint, Goldman Sachs' opinion; and (b) failed to disclose, in the case of the Matey Complaint, the consideration that QES provided to Company A for entering into the exclusivity agreement executed on or about March 3, 2020 and, in the case of the Wilking Complaint, whether QES entered into a confidentiality agreement with Company A, and whether any such confidentiality agreement included a standstill provision. The QES Complaints sought to enjoin the defendants from proceeding with the Merger, an order directing the defendants to disseminate an amendment to the Registration Statement that is free from material misstatement and omissions, in the case of the Matey Complaint, unspecified damages, an award of the plaintiff's costs of the action, including attorneys' and experts' fees, and such other and further relief as the court may deem just and proper. The QES Complaints were subsequently voluntarily dismissed by claimants.

On September 4, 2020, KLXE and QES signed a memorandum of understanding with all plaintiffs and agreed on the settlement of the KLXE Complaints and QES Complaints as relates to the respective mootness fee claims for an immaterial amount.

The Company is a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's condensed consolidated financial statements.

Indemnities, Commitments and Guarantees

During its ordinary course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease, as well as indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies, and, in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments the Company could be obligated to make. However, the Company is unable to estimate the maximum amount of liability related to its indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Management believes that any liability for these indemnities, commitments and guarantees would not be material to the accompanying condensed consolidated financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

NOTE 11 - Accounting for Stock-Based Compensation

The Company has a Long-Term Incentive Plan ("LTIP") under which the compensation committee of the Board (the "Compensation Committee") has the authority to grant stock options, stock appreciation rights, restricted stock, restricted stock units or other forms of equity-based or equity-related awards. Compensation cost for the LTIP grants is generally recorded on a straight-line basis over the vesting term of the shares based on the grant date value using the closing trading price.

Compensation cost recognized during the three and six months ended July 31, 2020 and 2019 related to grants of restricted stock granted or approved by the Company's Compensation Committee. Certain grants of restricted stock to directors and management accelerated in connection with the Merger on July 28, 2020, resulting in approximately $15.1 of stock-based compensation expense during the three months ended July 31, 2020. As a result, stock-based compensation was $17.4 and $4.6 for the three months ended July 31, 2020 and 2019, respectively and $16.7, and $9.0 for the six months ended July 31, 2020 and 2019, respectively. Unrecognized compensation cost related to restricted stock awards made by the Company was $6.0 at July 31, 2020.

As of the date of the QES acquisition, all unvested QES restricted stock unit awards were converted into replacement KLXE restricted stock unit awards. Approximately 2.0 shares of QES common stock subject to awards outstanding was converted to 0.2 shares of common stock assumed by KLXE.

The Company also has a qualified Employee Stock Purchase Plan (the “ESPP”), the terms of which allow for qualified employees (as defined in the ESPP) to participate in the purchase of designated shares of the Company’s common stock at a price equal to 85% of the closing price on the last business day of each semi-annual stock purchase period. The fair value of the employee purchase rights represents the difference between the closing price of the Company’s shares on the date of purchase and the purchase price of the shares. Because the ESPP did not have enough shares reserved to satisfy outstanding options to purchase during the offering period ending June 30, 2020, the Company refunded participants’ contributions. In addition, the Company agreed with QES to suspend the ESPP for the Merger. As a result, compensation cost was $0.0 and immaterial for the three months ended July 31, 2020 and 2019, respectively, and $0.0 and $0.1 for the six months ended July 31, 2020 and 2019, respectively. The Company's shareholders approved an amendment to the ESPP at the Company's annual meeting on July 24, 2020, for an increase of 300,000 shares to the ESPP's share reserve.

NOTE 12 - Income Taxes

Income tax expense was $0.0 and $0.1 for the three and six months ended July 31, 2020, respectively, and was comprised primarily of state and local taxes, compared to $0.1 and $0.4 for the three and six months ended July 31, 2019, respectively. Because the Company has a valuation allowance against its deferred tax balances, it was unable to recognize a tax benefit at the federal statutory rate of 21% on its year to date losses.

In response to the COVID-19 pandemic, many governments have enacted or are contemplating measures to provide aid and economic stimulus. These measures may include deferring the due dates of tax payments or other changes to their income and non-income-based tax laws. The Coronavirus Aid, Relief, and Economic Security Act, which was enacted on March 27, 2020 in the United States, includes measures to assist companies, including temporary changes to income and non-income-based tax laws. The Company has deferred the employer portion of FICA tax payments of $1.3 as of July 31, 2020. This deferral is included in other non-current liabilities on the condensed consolidated balance sheet. These payments are due in two installments: half on December 31, 2021 and half on December 31, 2022. The Company continues to monitor additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service and others.

NOTE 13 - Segment Reporting

The Company is organized on a geographic basis. The Company’s reportable segments, which are also its operating segments, are comprised of the Southwest Region (the Permian Basin and the Eagle Ford Shale), the Rocky Mountains Region (the Bakken, Williston, DJ, Uinta, Powder River, Piceance and Niobrara basins) and the Northeast/Mid-Con Region (the Marcellus and Utica Shale as well as the Mid-Continent STACK and SCOOP and Haynesville Shale). The segments regularly report their results of operations and make requests for capital expenditures and acquisition funding to the Company’s chief operational decision-making group (“CODM”), the President and Chief Executive Officer, and the Chief Financial Officer. As a result, the CODM has determined the Company has three reportable segments.

The following table presents revenues and operating (losses) earnings by reportable segment:

	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Revenues				
Southwest	$ 4.2	$ 53.3	$ 28.6	$ 111.3
Rocky Mountains	18.0	63.5	51.8	112.1
Northeast/Mid-Con	14.0	48.1	38.8	87.3
Total revenues	36.2	164.9	119.2	310.7
Operating (loss) earnings[1][2]				
Southwest	(11.1)	(1.6)	(111.5)	(5.6)
Rocky Mountains	(25.6)	8.7	(63.4)	11.6
Northeast/Mid-Con	(17.2)	3.9	(114.6)	7.4
Bargain purchase gain	41.1	—	41.1	—
Total operating (loss) earnings	(12.8)	11.0	(248.4)	13.4
Interest expense, net	7.6	7.4	15.0	14.5
(Loss) earnings before income taxes	$ (20.4)	$ 3.6	$ (263.4)	$ (1.1)

(1) Operating (loss) earnings include an allocation of employee benefits and general and administrative costs primarily based on each segment's percentage of total revenues for the three and six months ended July 31, 2020 and 2019.

(2) Operating loss for the six month period ended July 31, 2020 includes a goodwill and long-lived asset impairment charge of $208.7, of which $91.3 was attributable to the Southwest segment, $28.3 was attributable to the Rocky Mountains segment and $89.1 was attributable to the Northeast/Mid-Con segment.

The following table presents revenues by service offering by reportable segment:

	Three Months Ended							
	July 31, 2020				July 31, 2019			
	Southwest	Rocky Mountains	Northeast /Mid-Con	Total	Southwest	Rocky Mountains	Northeast /Mid-Con	Total
Completion revenues	$ 1.6	$ 11.5	$ 8.8	$ 21.9	$ 38.0	$ 37.5	$ 20.0	$ 95.5
Production revenues	1.2	3.1	2.5	6.8	5.5	13.0	10.1	28.6
Intervention revenues	1.4	3.4	2.7	7.5	9.8	13.0	18.0	40.8
Total revenues	$ 4.2	$ 18.0	$ 14.0	$ 36.2	$ 53.3	$ 63.5	$ 48.1	$ 164.9

	Six Months Ended							
	July 31, 2020				July 31, 2019			
	Southwest	Rocky Mountains	Northeast /Mid-Con	Total	Southwest	Rocky Mountains	Northeast /Mid-Con	Total
Completion revenues	$ 17.6	$ 31.3	$ 22.9	$ 71.8	$ 78.6	$ 65.0	$ 38.3	$ 181.9
Production revenues	4.1	10.6	6.2	20.9	12.7	23.5	22.4	58.6
Intervention revenues	6.9	9.9	9.7	26.5	20.0	23.6	26.6	70.2
Total revenues	$ 28.6	$ 51.8	$ 38.8	$ 119.2	$ 111.3	$ 112.1	$ 87.3	$ 310.7

The following table presents capital expenditures by reportable segment:

	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Southwest	$ 1.1	$ 9.6	$ 2.6	$ 15.0
Rocky Mountains	1.9	11.2	4.1	22.7
Northeast/Mid-Con	0.7	6.4	1.8	19.1
Total capital expenditures	$ 3.7	$ 27.2	$ 8.5	$ 56.8

Capital expenditures for the administrative office and functions have been allocated to the above segments based on each segment's percentage of total capital expenditures.

The following table presents total assets by reportable segment:

	July 31, 2020 (1)	January 31, 2020
Southwest	$ 96.6	$ 203.6
Rocky Mountains	266.6	233.5
Northeast/Mid-Con	61.9	186.3
Total assets	$ 425.1	$ 623.4

(1) See Note 6 for a discussion of the goodwill and long-lived asset impairment charge recorded during the six months ended July 31, 2020.

Assets for the administrative office and functions have been allocated to the above segments based on each segment's percentage of total assets.

The following table presents total goodwill by reportable segment:

	July 31, 2020	January 31, 2020
Southwest	$ —	$ —
Rocky Mountains[1]	—	28.3
Northeast/Mid-Con	—	—
Total goodwill	$ —	$ 28.3

(1) See Note 6 for a discussion of the goodwill impairment charge recorded during the six months ended July 31, 2020.

NOTE 14 - Net (Loss) Earnings Per Common Share

On July 28, 2020, immediately prior to consummation of the Merger, the Reverse Stock Split Amendment became effective and thereby effectuated the 1-for-5 Reverse Stock Split of the Company's issued and outstanding common stock.

Basic net loss per common share is computed using the weighted average common shares outstanding during the period and includes 83,333 shares of KLXE common stock to effect the Red Bone acquisition, which will be issued in September 2020. Such shares are included in the computation of basic weighted average common shares from the date of the acquisition. Diluted net loss per common share is computed by using the weighted average common shares outstanding including the dilutive effect of restricted shares based on an average share price during the period. For the three months ended July 31, 2020 and 2019, 0.7 and 0.4 shares of the Company's common stock, respectively, and for the six months ended July 31, 2020 and 2019, 0.7 and 0.5 shares, respectively, were excluded from the determination of diluted net loss per common share because their effect would have been anti-dilutive. The computations of basic and diluted net loss per share for the three and six months ended July 31, 2020 and 2019 are as follows:

	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Net (loss) earnings	$ (20.4)	$ 3.5	$ (263.5)	$ (1.5)
(Shares in millions) [2]				
Basic weighted average common shares	5.0	4.5	4.8	4.4
Effect of dilutive securities - dilutive securities	—	—	—	—
Diluted weighted average common shares	5.0	4.5	4.8	4.4
Basic net (loss) earnings per common share [1] [2]	$ (4.12)	$ 0.78	$ (55.00)	$ (0.34)
Diluted net (loss) earnings per common share [1] [2]	$ (4.12)	$ 0.78	$ (55.00)	$ (0.34)

(1) On July 28, 2020, each issued and outstanding share of QES common stock was automatically converted into the right to receive 0.0969 shares of KLXE common stock, which reflects adjustment for the 1-for-5 Reverse Stock Split of the KLXE common stock effected immediately prior to the consummation of the Merger.

(2) Shares and per share data have been retroactively adjusted to reflect the Company's 1-for-5 Reverse Stock Split effective July 28, 2020.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information to investors. This Quarterly Report on Form 10-Q (this “Quarterly Report”) includes forward-looking statements that reflect our current expectations and projections about our future results, performance and prospects. Forward-looking statements include all statements that are not historical in nature or are not current facts. When used in this Quarterly Report, the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "might," "should," "could," "will" or the negative of these terms or similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause our actual results, performance and prospects to differ materially from those expressed in, or implied by, these forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the U.S. Securities and Exchange Commission (the "SEC"), in particular those discussed under the headings “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020, in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2020 and in this Quarterly Report, including the following factors:

- the extraordinary market environment and impacts resulting from the COVID-19 pandemic and related swift and material decline in global crude oil demand and crude oil prices;
- uncertainty regarding our future operating results;
- our ability to successfully integrate the assets and operations that we acquired in connection with our acquisition of Quintana Energy Services Inc. and its affiliates (“QES”) and to realize anticipated revenues, cost savings or other anticipated benefits of such acquisition;
- regulation of and dependence upon the energy industry;
- the cyclical nature of the energy industry;
- market prices for fuel, oil and natural gas;
- our ability to maintain acceptable pricing for our services;
- competitive conditions;
- legislative or regulatory changes and potential liability under federal and state laws and regulations;
- decreases in the rate at which oil or natural gas reserves are discovered or developed;
- the impact of technological advances on the demand for our products and services;
- delays of customers obtaining permits for their operations;
- hazards and operational risks that may not be fully covered by insurance;
- the write-off of a significant portion of intangible assets;

- the need to obtain additional capital or financing, and the availability and/or cost of obtaining such capital or financing;
- limitations that our organizational documents, debt instruments and U.S. federal income tax requirements may have on our financial flexibility, our ability to engage in strategic transactions or our ability to declare and pay cash dividends on our common stock;
- general economic conditions;
- our credit profile;
- changes in supply, demand and costs of equipment;
- oilfield anti-indemnity provisions;
- seasonal and adverse weather conditions that can affect oil and natural gas operations;
- reliance on information technology resources and the inability to implement new technology and services;
- loss or corruption of our information in a cyberattack on our computer systems;
- increased labor costs or our ability to employ, or maintain the employment of, a sufficient number of key employees, technical personnel, and other skilled workers and qualified workers; and
- the inability to successfully consummate acquisitions or inability to manage potential growth.

In light of these risks and uncertainties, you are cautioned not to put undue reliance on any forward-looking statements in this Quarterly Report. These statements should be considered only after carefully reading this entire Quarterly Report. Except as required under the federal securities laws and rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this Quarterly Report not to occur.

All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (In millions of U.S. dollars and shares)

The following discussion and analysis should be read in conjunction with the historical condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report"). This discussion contains forward-looking statements reflecting our current expectations and estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" appearing elsewhere in this Quarterly Report.

The following discussion and analysis address the results of our operations for the three and six months ended July 31, 2020, as compared to our results of operations for the three and six months ended July 31, 2019. On July 28, 2020, KLX Energy Services, Krypton Intermediate, LLC, an indirect wholly owned subsidiary of KLXE, Krypton Merger Sub, Inc., an indirect wholly owned subsidiary of KLXE ("Merger Sub"), and Quintana Energy Services Inc. ("QES"), completed the previously announced acquisition of QES, by means of a merger of Merger Sub with and into QES, with QES surviving the merger as a subsidiary of KLXE (the "Merger"). In addition, the discussion and analysis addresses our liquidity, financial condition and other matters for these periods. Unless otherwise noted or the context requires otherwise, references herein to KLXE Energy Services Holdings, Inc. (the "Company", "KLXE" or "KLX Energy Services") with respect to time periods prior to July 28, 2020 include KLXE and its consolidated subsidiaries and do not include QES and its consolidated subsidiaries, while references herein to KLXE with respect to time periods from and after July 28, 2020 include QES and its consolidated subsidiaries.

Company History

KLX Energy Services was initially formed from the combination of seven private oilfield service companies acquired during 2013 and 2014. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. Once the acquisitions were completed, we undertook a comprehensive integration of these businesses, to align our services, our people and our assets across all the geographic regions where we maintain a presence. In 2018, we acquired Motley Services, LLC ("Motley") and, during 2019, we acquired Tecton Energy Services ("Tecton") and Red Bone Energy Services LLC ("Red Bone"). We recently acquired QES during the second quarter of 2020 pursuant to the Merger, and by doing so helped establish KLXE as an industry leading provider of asset-light oilfield solutions across the full well lifecycle including drilling, completion, production and intervention services and products (our "product service lines" or "PSLs") to the major onshore oil and gas producing regions of the United States.

On July 26, 2020, the Company's board of directors (the "Board") approved a 1-for-5 reverse stock split to stockholders that became effective at 12:01 a.m. on July 28, 2020 (the "Reverse Stock Split"). On July 28, 2020, we successfully completed the all-stock Merger with QES. At the time of the closing, the holders of QES common stock received 0.0969 shares of KLXE common stock in exchange for each share of QES common stock held. KLXE and QES stockholders owned approximately 59% and 41%, respectively, of the equity of the combined company on a fully-diluted basis. As a result of the Merger, our Board is now comprised of nine directors, consisting of five directors designated by KLXE and four directors designated by QES. Additionally, Christopher J. Baker, the former President and Chief Executive Officer of QES, now serves as our President and Chief Executive Officer, and Keefer M. Lehner, the former Executive Vice President and Chief Financial Officer of QES, now serves as our Executive Vice President and Chief Financial Officer.

The combination of KLXE and QES provides increased scale to serve a blue-chip customer base across the onshore oil and gas basins in the United States. The Merger combines two strong company cultures comprised of highly talented teams with shared commitments to safety, performance, customer service and profitability. The combination leverages two of the largest fleets of coiled tubing and wireline assets, with KLXE becoming a

leading provider of large diameter coil tubing and wireline services and one of the largest independent providers of directional drilling to the U.S. market. The Company expects to generate at least $40.0 in annualized cost savings from the combination, and as of July 31, 2020, expects these cost synergies to be fully implemented as of the end of the first quarter of fiscal 2021 on a run rate basis, several months ahead of the timing at the announcement of the Merger. Synergies will be realized as management aligns common roles, processes and systems throughout each function and region. The Merger also enhances the Company's ability to effect industry consolidation. Looking ahead, the Company expects to pursue strategic, accretive consolidation opportunities that further strengthen the Company's competitive positioning and capital structure, and drive efficiencies, accelerate growth and create long-term stockholder value.

Company Overview

We serve many of the leading companies engaged in the exploration and development of onshore conventional and unconventional oil and natural gas reserves in the United States. Our customers are primarily large independent and major oil and gas companies. We currently support these customer operations from over 60 service facilities located in the key major shale basins. We operate in three segments on a geographic basis, including the Southwest Region (the Permian Basin and the Eagle Ford Shale), the Rocky Mountains Region (the Bakken, Williston, DJ, Uinta, Powder River, Piceance and Niobrara basins) and the Northeast/Mid-Con Region (the Marcellus and Utica Shale as well as the Mid-Continent STACK and SCOOP and Haynesville Shale). Our revenues, operating (losses) profits and identifiable assets are primarily attributable to these three reportable geographic segments. While we manage our business based upon these regional groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities to optimize utilization and profitability.

We work with our customers to provide engineered solutions across the lifecycle of the well by streamlining operations, reducing non-productive time and developing cost effective solutions and customized tools for our customers' most challenging service needs, including their most technically complex extended reach horizontal wells. We believe future revenue growth opportunities will continue to be driven by increases in the number of new customers served and the breadth of services we offer to existing and prospective customers.

We offer a variety of targeted services that are differentiated by the technical competence and experience of our field service engineers and their deployment of a broad portfolio of specialized tools and equipment. Our innovative and adaptive approach to proprietary tool design has been employed by our in-house research and development ("R&D") organization and, in selected instances, by our technology partners to develop tools covered by 23 patents and 17 pending patent applications, which we believe differentiates us from our regional competitors and also allows us to deliver more focused service and better outcomes in our specialized services than larger national competitors that do not discretely dedicate their resources to the services we provide.

We utilize contract manufacturers to produce our products, which, in many cases, our engineers have developed from input and requests from our customers and customer-facing managers, thereby maintaining the integrity of our intellectual property while avoiding manufacturing startup and maintenance costs. This approach leverages our technical strengths, as well as those of our technology partners. These services and related products are modest in cost to the customer relative to other well construction expenditures but have a high cost of failure and are, therefore, mission critical to our customers' outcomes. We believe our customers have come to depend on our decades of field experience to execute on some of the most challenging problems they face. We believe we are well positioned as a company to service customers when they are drilling and completing complex wells, and remediating older legacy wells.

We endeavor to create a next generation oilfield services company in terms of management controls, processes and operating metrics, and have driven these processes down through the operating management structure in every region, which we believe differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

We invest in innovative technology and equipment designed for modern production techniques that increase efficiencies and production for our customers. North American unconventional onshore wells are increasingly characterized by extended lateral lengths, tighter spacing between hydraulic fracturing stages, increased cluster density and heightened proppant loads. Drilling and completion activities for wells in unconventional resource plays are extremely complex, and downhole challenges and operating costs increase as the complexity and lateral length of these wells increase. For these reasons, exploration and production (“E&P”) companies with complex wells increasingly prefer service providers with the scale and resources to deliver best-in-class solutions that evolve in real time with the technology used for extraction. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technically complex wells where the potential for increased operating leverage is high due to the large number of stages per well.

Recent Trends and Outlook

Demand for services in the oil and natural gas industry is cyclical and subject to sudden and significant volatility. For example, the oilfield service industry experienced an abrupt deterioration in demand during the second half of 2019, which has continued into 2020. During the first quarter of 2020, the novel coronavirus ("COVID-19") pandemic emerged and applied significant downward pressure on the global economy and oil demand and prices, leading North American operators to announce significant cuts to planned 2020 capital expenditures and causing continued acceleration of upstream oil and gas bankruptcies. The reduced activity levels have led to a plunging North America, onshore rig count, which fell by 68% for the first half of 2020. For the six months ended July 31, 2020, rig counts decreased by a total of 539 rigs from 790 rigs to 251 rigs.

The extent and duration of the continued global impact of the COVID-19 pandemic is unknown. While economic activity has increased from the April 2020 lows, concerns about a COVID-19 resurgence have slowed the pace of a full return of social and commercial activity. The combination of the COVID-19 pandemic and supply concerns has driven a steep drop in oil prices, leading to decreases in demand for the Company's services. WTI decreased by approximately $18.00, or 31%, to $40.10 per barrel ("Bbl") as of July 31, 2020, compared to the closing price on July 31, 2019 of $58.53 per Bbl. Subsequent to July 31, 2020, prices have generally remained stable, but there is no certainty that they will not decline further or experience extreme volatility again.

Oil and natural gas prices are expected to continue to be volatile as a result of the near term production instability, the ongoing COVID-19 outbreaks and as changes in oil and natural gas inventories, industry demand and global and national economic performance are reported. Significant factors that are likely to affect commodity prices in current and future periods include, but are not limited to: the extent and duration of price reductions and production instability by the Organization of Petroleum Exporting Countries and all other oil producing nations (“OPEC+”) and other oil exporting nations; the effect of U.S. energy, monetary and trade policies on the economy and demand; U.S. and global economic conditions; U.S. and global political and economic developments, including the outcome of the U.S. presidential election and resulting energy and environmental policies; the impact of the ongoing COVID-19 outbreaks; and conditions in the U.S. oil and gas industry and the resulting demand and pricing for domestic land oilfield services.

If the current pricing environment for crude oil does not improve, our customers are expected to further reduce their capital expenditures, causing additional declines in the demand for, and prices of, our services, which would adversely affect our future results of operations, cash flows and financial position. Additionally, the decrease in oil and natural gas prices has adversely affected our customers and resulted in a decrease in the creditworthiness of some E&P operators. We carefully select our customers and believe we have a high quality customer base. However, if current conditions persist, there is no assurance that we will not experience losses in the future or delays in collecting our receivables.

The reduction in oil prices to current levels and the ongoing effects of the global COVID-19 outbreaks resulted in significant market instability. The potential for a reemergence of or spike in COVID-19 outbreaks may result in a global recession, with the possibility of further bankruptcies of E&P companies and a significant decline in demand and prices for oilfield services during 2020. We have taken, and are continuing to take, steps to reduce

costs, including reductions in capital expenditures, as well as other workforce rightsizing and ongoing cost initiatives.

How We Generate Revenue and the Costs of Conducting Our Business

Our business strategy seeks to generate attractive returns on capital by providing differentiated services and prudently applying our cash flow to select targeted opportunities, with the potential to deliver high returns that we believe offer superior margins over the long-term and short payback periods. Our services generally require equipment that is less expensive to maintain and is operated by a smaller staff than many other oilfield service providers. As part of our returns-focused approach to capital spending, we are focused on efficiently utilizing capital to develop new products. We support our existing asset base with targeted investments in R&D, which we believe allow us to maintain a technical advantage over our competitors providing similar services using standard equipment.

Demand for services in the oil and natural gas industry is cyclical and subject to sudden and significant volatility.
We remain focused on serving the needs of our customers by providing a broad portfolio of product service lines across all major basins, while preserving a solid balance sheet, maintaining sufficient operating liquidity and prudently managing our capital expenditures.

We believe our operating cost structure is now materially lower than during historical financial reporting periods and the realization of the $40.0 of expected cost synergies associated with the Merger will only further reduce our cost structure and afford us greater flexibility to respond to changing industry conditions. The implementation of integrated, company-wide management information systems and processes provides more transparency to current operating performance and trends within each market where we compete and help us more acutely scale our cost structure and pricing strategies on a market-by-market basis. We believe our ability to differentiate ourselves on the basis of quality provides an opportunity for us to gain market share and increase our share of business with existing customers.

We believe we have strong management systems in place, which will allow us to manage our operating resources and associated expenses relative to market conditions. Historically, we believed our services generated margins superior to our competitors based upon the differential quality of our performance, and that these margins would contribute to future cash flow generation. The required investment in our business includes both working capital (principally for accounts receivable, inventory and accounts payable growth tied to increasing activity and revenues) and capital expenditures for both maintenance of existing assets and ultimately growth when returns justify the spending. Our required maintenance capital expenditures tend to be lower than other oilfield service providers due to the generally asset-lite nature of our services, the average age of our assets and our ability to charge back a portion of asset maintenance to customers for a number of our assets.

How We Evaluate Our Operations

Key Financial Performance Indicators

We recognize the highly cyclical nature of our business and the need for metrics to (1) best measure the trends in our operations and (2) provide baselines and targets to assess the performance of our managers.

The measures we believe most effective to achieve the above stated goals include:

- *Revenue*
- *Adjusted EBITDA*: Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. Adjusted EBITDA is not a measure of net earnings or cash flows as determined by GAAP. We define Adjusted EBITDA as net earnings (loss) before interest, taxes, depreciation and amortization, further adjusted for (i) goodwill and/or long-lived asset impairment charges, (ii) stock-based compensation expense, (iii) restructuring charges, (iv) transaction and

integration costs related to acquisitions, and (v) other expenses or charges to exclude certain items which we believe are not reflective of ongoing performance of our business.

- *Adjusted EBITDA Margin:* Adjusted EBITDA Margin is defined as Adjusted EBITDA, as defined above, as a percentage of revenue.

We believe Adjusted EBITDA is useful because it allows us to supplement the GAAP measures in order to evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above in arriving at Adjusted EBITDA (Loss) because these amounts can vary substantially from company to company within our industry depending upon accounting methods, book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net earnings as determined in accordance with GAAP, or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDA. Our computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Results of Operations

Three Months Ended July 31, 2020 Compared to Three Months Ended July 31, 2019

Revenue. The following table provides revenues by segment for the periods indicated:

	Three Months Ended		
	July 31, 2020	July 31, 2019	% Change
Revenue:			
Southwest	$ 4.2	$ 53.3	(92.1)%
Rocky Mountains	18.0	63.5	(71.7)%
Northeast/Mid-Con	14.0	48.1	(70.9)%
Total revenue	$ 36.2	$ 164.9	(78.0)%

For the quarter ended July 31, 2020, revenues of $36.2, decreased by $128.7, or 78.0%, as compared with the prior year period. On a product line basis, completion, production and intervention services revenues decreased by approximately $73.6, $21.8 and $33.3, respectively, as compared to the same period in the prior year. Rocky Mountains segment revenue declined by $45.5, or 71.7%, Northeast/Mid-Con segment revenues declined by $34.1, or 70.9%, and Southwest segment revenue declined by $49.1, or 92.1%. This decrease in revenues reflects the lingering impacts of the Saudi Arabia and Russia oil market share dispute and the prolonged demand destruction caused by the COVID-19 pandemic, resulting in a depression in oil prices and, ultimately, causing decreased demand for services such as those provided by the Company.

Cost of sales. For the quarter ended July 31, 2020, cost of sales was $48.1, or 132.9% of sales, as compared to the prior year period of $129.4, or 78.5% of sales. Cost of sales as a percentage of revenues increased primarily due to negative operating leverage related to the 78.0% year-over-year decline in revenues as the significant decline in revenues outpaced the reduction in fixed costs. Cost of sales included $10.1 and $15.4 of depreciation expense for the three months ended July 31, 2020 and 2019.

Selling, general and administrative expenses. For the quarter ended July 31, 2020, selling, general and administrative (“SG&A”) expenses was $41.8, or 115.5% of revenues, as compared with $23.7, or 14.4% of revenues in the prior year period. The cost reduction initiatives resulting in lower headcount and fixed costs, as compared to the prior year period, were offset by non-recurring items related to the Merger such as accelerated stock-based compensation, severance costs, and legal and professional fees totaling $28.1. The Company also recorded a bargain purchase gain of $41.1 related to the Merger.

Operating (loss) earnings. The following is a summary of operating (loss) earnings by segment:

	Three Months Ended		
	July 31, 2020	July 31, 2019	% Change
Operating (loss) earnings:			
Southwest	$ (11.1)	$ (1.6)	NMF
Rocky Mountains	(25.6)	8.7	NMF
Northeast/Mid-Con	(17.2)	3.9	NMF
Total operating (loss) earnings [1]	$ (53.9)	$ 11.0	NMF

(1) Excludes bargain purchase gain of $41.1 during the three months ended July 31, 2020.

For the quarter ended July 31, 2020, operating loss, excluding the $41.1 bargain purchase gain, was $53.9 compared to operating earnings of $11.0 in the prior year period, largely driven by a reduction in revenues due to reduced activity and pricing pressure caused by the COVID-19 pandemic and international pricing and production disputes, as well as non-recurring items related to the Merger.

Rocky Mountains segment operating loss was $25.6, Northeast/Mid-Con segment operating loss was $17.2, and Southwest segment operating loss was $11.1 for the three months ended July 31, 2020, in each case primarily driven by lower revenues as a result of decreased demand.

Income tax expense. For the quarter ended July 31, 2020, income tax expense was $0.0, as compared to $0.1 in the prior year period, and was comprised primarily of state and local taxes. The Company did not recognize a tax benefit on its year-to-date losses because it has a valuation allowance against its deferred tax balances.

Net loss. For the quarter ended July 31, 2020, net loss was $20.4, as compared to net earnings of $3.5 in the prior year period primarily due to decreased demand as described above.

Six Months Ended July 31, 2020 Compared to Six Months Ended July 31, 2019

Revenue. The following table provides revenues by segment for the periods indicated:

	Six Months Ended		
	July 31, 2020	July 31, 2019	% Change
Revenue:			
Southwest	$ 28.6	$ 111.3	(74.3)%
Rocky Mountains	51.8	112.1	(53.8)%
Northeast/Mid-Con	38.8	87.3	(55.6)%
Total revenue	$ 119.2	$ 310.7	(61.6)%

For the six months ended July 31, 2020, revenues of $119.2 decreased by $191.5, or 61.6%, as compared with the prior year period. On a product line basis, completion, production and intervention services revenues decreased by approximately $110.1, $37.7 and $43.7, respectively, as compared to the same period in the prior year. Rocky Mountains segment revenue declined by $60.3, or 53.8%, Northeast/Mid-Con segment revenue declined by $48.5, or 55.6%, and Southwest segment revenue declined by $82.7, or 74.3%. The decrease in revenues reflects the lingering impacts of the Saudi Arabia and Russia oil market share dispute and the prolonged demand destruction caused by the COVID-19 pandemic, which has driven the demand for oil to depressed levels resulting in decreases in demand for services such as those provided by the Company.

Cost of sales. For the six months ended July 31, 2020, cost of sales was $140.3, or 117.7% of sales, as compared to the prior year period of $248.3, or 79.9% of sales. Cost of sales as a percentage of revenues increased primarily due to negative operating leverage related to the 61.6% year-over-year decline in revenues as the significant decline in revenues outpaced the reduction in fixed costs. Cost of sales included $25.3 and $29.4 of depreciation expense for the six months ended July 31, 2020 and 2019.

Selling, general and administrative expenses. SG&A expenses during the six months ended July 31, 2020 were $59.2, or 49.7% of revenues, as compared with $47.5, or 15.3% of revenues in the prior year period. The bargain purchase gain on the Merger of $41.1 was partially offset by other non-recurring items related to the Merger, such as accelerated stock-based compensation, severance costs, and legal and professional fees totaling $28.1. R&D costs during the six months ended July 31, 2020 were $0.5, as compared to the prior year period of $1.5, reflecting our continued focus on maintaining an in-house R&D function while scaling costs to adjust to current levels of customer demand.

Operating (loss) earnings. The following is a summary of operating (loss) earnings by segment:

	Six Months Ended		
	July 31, 2020	July 31, 2019	% Change
Operating (loss) earnings:			
Southwest	$ (111.5)	$ (5.6)	NMF
Rocky Mountains	(63.4)	11.6	NMF
Northeast/Mid-Con	(114.6)	7.4	NMF
Total operating (loss) earnings [1]	$ (289.5)	$ 13.4	NMF

(1) Excludes bargain purchase gain of $41.1 during the six months ended July 31, 2020.

For the six months ended July 31, 2020, operating loss, excluding the $41.1 bargain purchase gain, was $289.5, as compared to operating earnings of $13.4 in the prior year period, largely driven by a reduction in revenues due to reduced activity and pricing pressure caused by the COVID-19 pandemic and international pricing and production disputes, as well as non-recurring items related to the Merger.

For the six months ended July 31, 2020, Rocky Mountains segment operating loss was $63.4, Northeast/Mid-Con segment operating loss was $114.6, and Southwest segment operating loss was $111.5, in each case primarily driven by lower revenues as a result of decreased demand.

Income tax expense. Income tax expense was $0.1 for the six months ended July 31, 2020, as compared to $0.4 in the prior year period, and was comprised primarily of state and local taxes. The Company did not recognize a tax benefit on its year-to-date losses because it has a valuation allowance against its deferred tax balances.

Net loss. Net loss for the six months ended July 31, 2020 was $263.5, as compared to $1.5 in the prior year period primarily due to decreased demand as described above.

Liquidity and Capital Resources

We require capital to fund ongoing operations, including maintenance expenditures on our existing fleet and equipment, organic growth initiatives, investments and acquisitions. Our primary sources of liquidity to date have been capital contributions from our equity and note holders and borrowings under the Company's $100.0 asset-based revolving credit facility pursuant to a senior secured credit agreement dated August 10, 2018 (the "ABL Facility") and cash flows from operations. At July 31, 2020, we had $98.5 of cash and cash equivalents and $14.9 available on the ABL Facility, which resulted in a total liquidity position of $113.4.

Volatile WTI prices, challenges created by the global COVID-19 pandemic and the current oil supply demand imbalance have further decreased demand for our services. Our cash flow used in operations for the six months ended July 31, 2020 used approximately $15.5 in cash flows. In response to declining customer activity and commodity price instability, we recently implemented a series of additional cost reductions to reduce our cost structure. However, there is no certainty that cash flow will improve or that we will have positive operating cash flow for a sustained period of time. Our operating cash flow is sensitive to many variables, the most significant of which are utilization and profitability, the timing of billing and customer collections, payments to our vendors, repair and maintenance costs and personnel, any of which may affect our cash available. The COVID-19 outbreak and the related significant decrease in the price of oil resulted in a decrease in demand for our services in the last part of the first quarter and in the second quarter, and we expect significant further declines in the third quarter and lower pricing and activity levels to continue until there are clear signs of a commodity price recovery. Additionally, should our customers experience financial distress due to the current market conditions, they could default on their payments owed to us, which would affect our cash flows and liquidity.

Our primary use of capital resources has been for funding working capital and investing in property and equipment used to provide our services. Our primary uses of cash are critical maintenance capital expenditures and investments. We regularly monitor potential capital sources, including equity and debt financings, in an effort to meet our planned capital expenditure and liquidity requirements. The COVID-19 pandemic, coupled with the

global crude oil supply and demand imbalance and resulting decline in crude oil prices, has significantly affected the value of our common stock, which may reduce our ability to access capital in the bank and capital markets, including through equity or debt offerings, and we expect significant further declines in the third quarter and lower pricing and activity levels to continue until there are clear signs of a commodity price recovery.

At July 31, 2020, we had $98.5 of cash and cash equivalents. Cash on hand at July 31, 2020 decreased by $25.0, as compared with $123.5 cash on hand at January 31, 2020 as a result of $14.6 of interest, $9.7 to pay down QES's five-year asset-based revolving credit agreement (the "QES ABL Facility") and $15.5 of cash flows used by operating activities. Our liquidity requirements consist of working capital needs and ongoing capital expenditure requirements. Our primary requirements for working capital are directly related to the activity level of our operations.

Net working capital as of July 31, 2020 was $6.9, a decrease of $33.3 as compared with net working capital at January 31, 2020. As of July 31, 2020, total current assets excluding cash decreased by $24.0 and total current liabilities increased by $9.3. The decrease in current assets was primarily related to a decrease in accounts receivable of $38.7. The increase in total current liabilities was due to a $1.7 and $7.6 increase in accounts payable and accrued liabilities, respectively.

The following table sets forth our cash flows for the periods presented below:

	Six Months Ended	
	July 31, 2020	July 31, 2019
Net cash (used in) provided by operating activities	$ (15.5)	$ 11.9
Net cash used in investing activities	(9.1)	(84.1)
Net cash (used in) provided by financing activities	(0.4)	0.8
Net change in cash	(25.0)	(71.4)
Cash balance end of period	$ 98.5	$ 92.4

Net cash (used in) provided by operating activities

Net cash used in operating activities was $15.5 for the six months ended July 31, 2020, as compared to net cash provided by operating activities of $11.9 for the six months ended July 31, 2019. The decrease in operating cash flows was primarily attributable to the decrease in revenues across all operating segments and PSLs driven by the current slowdown and market headwinds. In addition, the overall cash collected from the reduction in working capital could not offset the decline in operating leverage, and, thus, the Company incurred an operating loss for the six months ended July 31, 2020, compared to the prior year period.

Net cash used in investing activities

Net cash used in investing activities was $9.1 for the six months ended July 31, 2020, as compared to net cash used in investing activities of $84.1 for the six months ended July 31, 2019. The cash flow used in investing activities for the six months ended July 31, 2020 was primarily driven by the QES ABL Facility settlement of $9.7 in outstanding borrowings and associated fees and expenses related to the Merger, and critical maintenance capital spending tied to the operation of our existing asset base. These investments were offset by the sale of trucks and other idle assets resulting from the reduction in headcount and cost reduction initiatives.

Net cash (used in) provided by financing activities

Net cash used in financing activities was $0.4 for the six months ended July 31, 2020, compared to net cash provided by financing activities of $0.8 for the six months ended July 31, 2019. During the six months ended July 31, 2020, $0.4 was paid for treasury shares in connection with the settlement of income tax and related benefit withholding obligations arising from vesting of restricted stock grants under the Company’s long-term incentive program.

Financing Arrangements

We entered into a $100.0 ABL Facility on August 10, 2018. The ABL Facility became effective on September 14, 2018 and is scheduled to mature in September 2023. Borrowings under the ABL Facility bear interest at a rate equal to the London Interbank Offered Rate (“LIBOR”) (as defined in the ABL Facility) plus the applicable margin (as defined). Availability under the ABL Facility is tied to a borrowing base formula and the ABL Facility has no maintenance financial covenants as long as we maintain a minimum level of borrowing availability. The ABL Facility is secured by, among other things, a first priority lien on our accounts receivable and inventory and contains customary conditions precedent to borrowing and affirmative and negative covenants, all of which were met as of July 31, 2020. No amounts were outstanding under the ABL Facility as of July 31, 2020. The effective interest rate under the ABL Facility would have been approximately 2.75% on July 31, 2020.

In conjunction with the acquisition of Motley in 2018, we issued $250.0 of Notes due 2025 offered pursuant to Rule 144A under the Securities Act of 1933 (as amended, the "Securities Act") and to certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act.

We believe our cash on hand, along with $14.9 of availability under our $100.0 undrawn ABL Facility, provides us with the ability to fund our operations, make planned capital expenditures, repurchase our debt or equity securities, meet our debt service obligations and provide funding for potential future acquisitions. During periods in which our fixed charge coverage ratio as determined under the ABL Facility is not at least 1:1 for the trailing four quarters for which financial statements have been delivered, the amount of availability under the ABL Facility will be reduced by the greater of $10.0 or 15% of the borrowing base. We expect that the availability under our ABL Facility will increase during the third quarter of 2020 when our fixed charge coverage ratio incorporates the current assets contributed by QES in the Merger.

Capital Requirements and Sources of Liquidity

Our capital expenditures were $8.5 during the six months ended July 31, 2020, compared to $56.8 in the six months ended July 31, 2019. We expect to incur between $15.0 and $20.0 in capital expenditures for the year ending January 31, 2021, based on current industry conditions and our recent significant investments in capital expenditures over the past several years. The nature of our capital expenditures is comprised of a base level of investment required to support our current operations and amounts related to growth and Company initiatives. Capital expenditures for growth and Company initiatives are discretionary. We continually evaluate our capital expenditures, and the amount we ultimately spend will depend on a number of factors, including expected industry activity levels and Company initiatives. We expect to fund future capital expenditures from cash on hand and cash flow from operations. We have funds available from our $100.0 ABL Facility (under which the amount of availability depends in part on a borrowing base tied to the aggregate amount of our accounts receivable and inventory satisfying specified criteria and our compliance with a minimum fixed charge coverage ratio), none of which was drawn at July 31, 2020.

Our ability to satisfy our liquidity requirements depends on our future operating performance, which is affected by prevailing economic and political conditions, the level of drilling, completion, production and intervention services activity for North American onshore oil and natural gas resources, the continuation of the COVID-19 pandemic, and financial and business and other factors, many of which are beyond our control. We believe that our cash flows, together with cash on hand, will provide us with the ability to fund our operations and make planned capital expenditures for at least the next 12 months.

Contractual Obligations

As a smaller reporting company, we are not required to provide the disclosure required by Item 303(a)(5)(i) of Regulation S-K.

Off-Balance Sheet Arrangements

Indemnities, Commitments and Guarantees

In the normal course of our business, we make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments we could be obligated to make. However, we are unable to estimate the maximum amount of liability related to our indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Our management believes that any liability for these indemnities, commitments and guarantees would not be material to our financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

Critical Accounting Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. We believe that our critical accounting policies are limited to those described in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2019. There have been no changes to our critical accounting policies since January 31, 2020.

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements.

Recent Accounting Pronouncements

See Note 2 "Recent Accounting Pronouncements" for a discussion of recently issued accounting pronouncements. As an "emerging growth company" under the Jumpstart Our Business Startups Act (the "JOBS Act"), we are offered an opportunity to use an extended transition period for the adoption of new or revised financial accounting standards. We operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under Section 107 of the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by Item 305 of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures that are designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the 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 (who are our Chief Executive Officer and Chief Financial Officer, respectively), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met.

In connection with the preparation of this Quarterly Report for the quarter ended July 31, 2020, an evaluation was performed under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act were effective as of July 31, 2020 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended July 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 9, 2020, a putative class action was filed by a purported KLXE stockholder in the United States District Court for the District of Delaware, captioned Eric Sabatini v. KLX Energy Services Holdings, Inc., et. al. (the "Sabatini Complaint"). On June 18, 2020, an individual action was filed by a purported KLXE stockholder in the United States District Court for the Southern District of New York, captioned Joey Zurchin v. KLX Energy Services Holdings, Inc., et. al. (the "Zurchin Complaint"). On June 24, 2020 an individual action was filed by a purported KLXE stockholder in the United States District Court for the District of Colorado, captioned David Cajiuat v. KLX Energy Services Holdings, Inc., et. al. (the "Cajiuat Complaint" and, together with the Sabatini Complaint and the Zurchin Complaint, the "KLXE Complaints"). The plaintiff in the Sabatini Complaint purported to bring the litigation as a securities class action on behalf of the public stockholders of KLXE. The Sabatini Complaint named as defendants KLXE, the KLXE Board, certain of KLXE's subsidiaries and QES; the Zurchin complaint named as defendants KLXE and the KLXE Board; and the Cajiuat complaint named as defendants KLXE and the KLXE

Board. The KLXE Complaints alleged violations of Section 14(a) of the Exchange Act, and Rule 14a-9 promulgated thereunder, as well as, in the case of the individual defendants, QES and KLXE's subsidiaries named as defendants, the control person provisions of the Exchange Act. The Zurchin Complaint also alleged, in the case of the individual defendants, breach of the duty of candor/disclosure under state law. The KLXE Complaints alleged that the Company's registration statement on Form S-4, originally filed on June 2, 2020 (the "Registration Statement"), omitted material information with respect to the Merger, which rendered the Registration Statement false and misleading. In particular, the KLXE Complaints alleged, among other things, that the Registration Statement omitted details with respect to information regarding KLXE's and QES's financial projections, the analyses performed by Goldman Sachs Group Inc. ("Goldman Sachs"), in the case of the Sabatini Complaint, any prior work performed by Goldman Sachs for QES and, in the case of the Cajiuat Complaint, the sales process leading up to the Merger. The KLXE Complaints sought to enjoin the defendants from proceeding with the Merger, awards of the plaintiffs' costs of the action, including attorneys' and experts' fees, and such other and further relief as the court may have deemed just and proper. In addition, each of the Sabatini Complaint and the Cajiuat Complaint sought rescission of the Merger or rescissory damages if the Merger was consummated and a declaration that the defendants violated Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9, and the Sabatini Complaint sought an order directing the defendants to disseminate a registration statement that is free from material misstatement and omissions. The KLXE Complaints were subsequently voluntarily dismissed by the claimants.

On June 12, 2020, an action was filed by a purported QES stockholder in the United States District Court for the Southern District of New York, captioned Charles Matey v. Quintana Energy Services Inc., et. al. (the "Matey Complaint"). On June 19, 2020 an action was filed by a purported QES stockholder in the United States District Court for the Southern District of New York captioned Matthew Wilking v. Quintana Energy Services Inc., et. al. (the "Wilking Complaint" and, together with the Matey Complaint, the "QES Complaints").The QES Complaints named as defendants QES and the QES Board. The QES Complaints alleged violations of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder, as well as, in the case of the individual defendants, the control person provisions of the Exchange Act. The QES Complaints alleged that the Registration Statement misrepresented or omitted material information with respect to the Merger, which rendered the Registration Statement false and misleading. In particular, the QES Complaints alleged, among other things, that the Registration Statement: (a) contained material misrepresentations and omissions regarding QES's financial projections, Tudor, Pickering, Holt & Co.'s opinion, and, in the case of the Matey Complaint, Goldman Sachs' opinion; and (b) failed to disclose, in the case of the Matey Complaint, the consideration that QES provided to Company A for entering into the exclusivity agreement executed on or about March 3, 2020 and, in the case of the Wilking Complaint, whether QES entered into a confidentiality agreement with Company A, and whether any such confidentiality agreement included a standstill provision. The QES Complaints sought to enjoin the defendants from proceeding with the Merger, an order directing the defendants to disseminate an amendment to the Registration Statement that is free from material misstatement and omissions, in the case of the Matey Complaint, unspecified damages, an award of the plaintiff's costs of the action, including attorneys' and experts' fees, and such other and further relief as the court may deem just and proper. The QES Complaints were subsequently voluntarily dismissed by claimants.

On September 4, 2020, KLXE and QES signed a memorandum of understanding with all plaintiffs and agreed on the settlement of the KLXE Complaints and QES Complaints as relates to the respective mootness fee claims for an immaterial amount.

The Company is a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's financial condition, cash flows and results of operations.

ITEM 1A. RISK FACTORS

In addition to the information set forth in this report, you should carefully consider the risk factors described in Part I, Item IA. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020 and the Quarterly Report on Form 10-Q for the quarter ended April 30, 2020.

Recent declines in crude oil prices to record low levels as a result of the outbreak of COVID-19 and a significantly oversupplied crude oil market have negatively impacted and are expected to continue to negatively impact demand for our products and services, which may result in a material negative impact on our results of operations, financial position and liquidity.

The COVID-19 outbreak in the United States and globally, together with the recent significant decline in commodity prices due in part to the recent actions of OPEC+, have adversely affected, and are expected to continue to adversely affect, both the price of and demand for crude oil and the continuity of our business operations. Oil demand significantly deteriorated as a result of the COVID-19 pandemic and corresponding preventative measures taken around the world to mitigate its spread, including “shelter-in-place” orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19.

In the midst of the ongoing COVID-19 pandemic, OPEC+ were unable to reach an agreement on production levels for crude oil, at which point Saudi Arabia and Russia initiated efforts to aggressively increase production. The convergence of the COVID-19 pandemic and the crude oil production increases caused the unprecedented dual impact of global oil demand decline and the risk of a substantial increase in supply. While OPEC+ agreed in April 2020 to cut production, downward pressure on commodity prices has remained and could continue for the foreseeable future.

While the U.S. Department of Homeland Security and various local orders have identified the energy industry as critical to the U.S. infrastructure, generally allowing certain of our and our customers’ operations to continue, our operations, and those of our customers, have been and will likely continue to be disrupted in various ways. The recent decline in commodity prices has and could continue to adversely affect the demand and pricing for our services. Customers who are experiencing significant downstream capacity and near-term storage constraint may be forced or elect to shut-in some or all of their production or delay or discontinue drilling plans, which would result in a further decline in demand for oilfield services. Additionally, demand for our services will likely be significantly affected in the event of a global recession due to the reduction in oil prices and the ongoing effects of COVID-19, with numerous bankruptcies of E&P companies during 2020.

Additionally, in an effort to minimize the spread of illness, we and our customers have implemented various worksite restrictions in order to minimize contact among personnel. Certain travel restrictions and flight cancellations have also slowed personnel travel and equipment delivery to certain customer locations.

The COVID-19 pandemic, coupled with the global crude oil supply and demand imbalance and resulting decline in crude oil prices, has significantly affected the value of our common stock, which may reduce our ability to access capital in the bank and capital markets, which could in the future negatively affect our liquidity. In addition, a recession or long-term market correction resulting from the COVID-19 pandemic could in the future further materially affect the value of our common stock, affect our access to capital and affect our business in the near and long-term. The borrowing base of our ABL Facility is dependent upon our receivables, which may be significantly lower in the future due to reduced activity levels or decreases in pricing for our services. In addition, if our customers experience financial distress due to the current market conditions, they could default on their payments owed to us and create a credit risk on collecting receivables.

The COVID-19 pandemic continues to rapidly evolve. The extent to which COVID-19 and depressed crude oil prices will impact our results, financial position and liquidity will depend on future developments, which are highly uncertain and cannot be predicted. The COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify in our most recent Annual Report on Form 10-K and contained in our other SEC filings. The COVID-19 pandemic may also materially adversely affect our operating and financial results in a manner that is not currently known to us or that we do not currently consider to present significant risks to our operations.

We are exposed to counterparty credit risk. Nonpayment and nonperformance by our customers, suppliers or vendors could adversely impact our operations, cash flows and financial condition.

Weak economic conditions and widespread financial distress, including the significantly reduced global and national economic activity caused by the COVID-19 pandemic, could reduce the liquidity of our customers, suppliers or vendors, making it more difficult for them to meet their obligations to us. We are therefore subject to heightened risks of loss resulting from nonpayment or nonperformance by our customers, suppliers and vendors. Severe financial problems encountered by our customers, suppliers and vendors could limit our ability to collect amounts owed to us, or to enforce the performance of obligations owed to us under contractual arrangements. In the event that any of our customers was to enter into bankruptcy, we could lose all or a portion of the amounts owed to us by such customer, and we may be forced to cancel all or a portion of our service contracts with such customer at significant expense to us.

In addition, nonperformance by suppliers or vendors who have committed to provide us with critical products or services could raise our costs or interfere with our ability to successfully conduct our business. All of the above may be exacerbated in the future as the COVID-19 outbreak and the governmental responses to the outbreak continue. These factors, combined with volatile prices of oil and natural gas, may precipitate a continued economic slowdown and/or a recession.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental executive orders or reviews of such activities may serve to limit or prohibit certain future oil and natural gas E&P activities and could have a material adverse effect on our business, financial condition and results of operations.

Changes in laws or government regulations regarding hydraulic fracturing could increase our customers' costs of doing business, limit the areas in which our customers can operate and reduce oil and natural gas production by our customers, which could adversely impact our business, financial condition and results of operations.

The adoption of any future federal, state or local laws or implementation of regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult for our customers to complete natural gas and oil wells. Any such regulations limiting or prohibiting hydraulic fracturing could reduce oil and natural gas E&P activities by our customers and, therefore, adversely affect our business, financial condition and results of operations. Such laws or regulations could also materially increase our costs of compliance and doing business by more strictly regulating how hydraulic fracturing wastes are handled or disposed. In addition, regulatory schemes implemented by quasi-governmental entities could be interpreted to prevent us from providing our services in certain jurisdictions, which could adversely affect our business, financial condition and results of operations.

Although hydraulic fracturing activities not using diesel gas are currently exempt from regulation under the U.S. Safe Drinking Water Act's Underground Injection Control program and are typically regulated by state oil and natural gas commissions or similar agencies, several federal agencies have asserted regulatory authority over certain aspects of the hydraulic fracturing process. These include, among others, a number of regulations issued and other steps taken by the EPA or other federal agencies over the past decade, including the EPA's new standards issued in 2012 for the capture of air emissions released during hydraulic fracturing, the federal Bureau of Land Management's June 2016 rule prohibiting the discharge of wastewater from onshore unconventional oil and natural gas extraction facilities to publicly-owned wastewater treatment plants; and the BLM's 2015 Waste Prevention rule that established new or more stringent standards relating to hydraulic fracturing on federal and American Indian lands. The BLM under the Trump Administration subsequently rescinded the Waste Prevention rule in December 2017 but only recently, on July 15, 2020, a federal district court vacated the December 2017 rescission of the Waste Prevention rulemaking process for the rescission as "wholly inadequate."

From time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of chemicals used in the fracturing process. Democratic nominee for President Joe Biden has indicated that he would limit hydraulic fracturing, pledging to ban new oil and gas permitting on federal lands and waters. Moreover, some states and local governments have adopted, and other

governmental entities are considering adopting, regulations that could impose more stringent requirements on hydraulic fracturing operations. For example, Texas, Colorado and North Dakota, among others, have adopted regulations that impose new or more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations. Additionally, in April 2019, the Governor of Colorado signed Senate Bill 19-181 into law, which legislation, among other things, revises the mission of the state oil and gas agency from fostering energy development in the state to instead focusing on regulating the industry in a manner that is protective of public health and safety and the environment, as well as authorizing cities and counties to regulate oil and natural gas E&P operations, including hydraulic fracturing activities, within their jurisdiction. States could also elect to place certain prohibitions on hydraulic fracturing, following the approach taken by the states of New York, Maryland and Vermont. Local land use restrictions, such as city ordinances, may restrict drilling in general and hydraulic fracturing in particular. The adoption of more stringent regulations regarding hydraulic fracturing and the outcome of litigation over hydraulic fracturing could adversely affect some of our customers and their demand for our products, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the QES Merger

We may not be able to retain customers or suppliers, and customers or suppliers may seek to modify contractual obligations with us, either of which could have an adverse effect on our business and operations. Third parties may terminate or alter existing contracts or relationships with us.

As a result of the Merger, we may experience impacts on relationships with customers and suppliers that may harm our business and results of operations. Certain customers or suppliers may seek to terminate or modify contractual obligations following the Merger whether or not contractual rights are triggered as a result of the Merger. There can be no guarantee that customers and suppliers will remain with or continue to have a relationship with us or do so on the same or similar contractual terms following the Merger. If any customers or suppliers seek to terminate or modify contractual obligations or discontinue their relationships with us, then our business and results of operations may be harmed. Furthermore, we will not have long-term arrangements with many of our significant suppliers. If our suppliers were to seek to terminate or modify an arrangement with us, then we may be unable to procure necessary supplies from other suppliers in a timely and efficient manner and on acceptable terms, or at all.

We also have contracts with vendors, landlords, licensors and other business partners that may require us to obtain consent from these other parties in connection with the Merger. If these consents cannot be obtained, we may suffer a loss of potential future revenue, incur costs and lose rights that may be material to our business.

We may fail to realize the anticipated benefits of the Merger.

The success of the Merger depends on, among other things, our ability to combine the KLXE and QES businesses in a manner that realizes anticipated synergies and cost savings and anticipated growth. If we are not able to successfully achieve these objectives, or the cost to achieve these synergies is greater than expected, then the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. A variety of factors may adversely affect our ability to realize the currently expected operating synergies, savings and other benefits of the Merger.

The failure to successfully integrate the businesses and operations of KLXE and QES in the expected time frame may adversely affect our future results.

We and QES have operated independently. There can be no assurances that our businesses can be integrated successfully. It is possible that the integration process could result in the loss of key KLXE employees or key QES employees, the loss of customers, the disruption of our or QES's ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated.

Furthermore, the Board and our executive leadership consists of former directors from each of KLXE and QES and former executive officers from QES. Combining the boards of directors and management teams of each

company into a single board and a single management team could require the reconciliation of differing priorities and philosophies.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On September 2, 2020, the Board approved the Company's Second Amended and Restated Bylaws (the "Bylaws"). Section 2.07 of the Bylaws was amended to clarify that, except as otherwise provided by law, the Company's Certificate of Incorporation or the Bylaws, any question brought before a meeting of stockholders will be decided by the affirmative vote of the holders of a majority in voting power of the shares present in person or by proxy at the meeting and entitled to vote on such question.

The foregoing description is not complete and is qualified in its entirety by reference to the full text of the Bylaws, including Section 2.07 thereof, which is filed herewith as Exhibit 3.2 to this Quarterly Report and is incorporated herein by reference.

ITEM 6. EXHIBITS

2.1	Agreement and Plan of Merger, dated May 3, 2020, by and among KLX Energy Services Holdings, Inc., Quintana Energy Services Inc., Krypton Intermediate LLC and Krypton Merger Sub Inc. (incorporated by reference to Exhibit 2.1 of KLX Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
3.1*	Amended and Restated Certificate of Incorporation of KLX Energy Services Holdings, Inc.
3.2*	Second Amended and Restated Bylaws of KLX Energy Services Holdings, Inc.
10.1	Registration Rights Agreement, dated May 3, 2020, by and among KLX Energy Services Holdings, Inc., Archer Holdco LLC, Geveran Investments Limited, Famatown Finance Limited Robertson QES Investment LLC, Quintana Energy Partners - QES Holdings LLC, Quintana Energy Fund - TE, L.P. and Quintana Energy Fund - FI, L.P. (incorporated by reference to Exhibit 10.1 to KLX Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
10.2	Support Agreement, dated as of May 3, 2020, by and among the Designated Stockholders and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.2 to KLX Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
10.3	Support Agreement, dated as of May 3, 2020, by and among Amin J. Khoury and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.3 to KLX Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on May 4, 2020, File No. 001-38609).
10.4	Letter Agreement, dated as of July 28, 2020, between John T. Collins and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.1 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).

10.5+	Executive Employment Agreement, dated as of May 3, 2020, between Christopher J. Baker and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.2 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.6+	Executive Employment Agreement, dated as of May 3, 2020, between Max L. Bouthillette and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.3 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.7+	Executive Employment Agreement, dated as of May 3, 2020, between Keefer M. Lehner and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 10.4 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.8+	Separation Agreement and Mutual Release, dated as of July 28, 2020, by and between KLX Energy Services Holdings, Inc. and Thomas P. McCaffrey (incorporated by reference to Exhibit 10.5 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.9+	Separation Agreement and Mutual Release, dated as of July 28, 2020, by and between KLX Energy Services Holdings, Inc. and Heather Floyd (incorporated by reference to Exhibit 10.6 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.10+	Independent Contractor Services Agreement, dated as of July 28, 2020, by and between KLX Energy Services LLC and Heather Floyd (incorporated by reference to Exhibit 10.7 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.11+	Amendment No. 1 to the KLX Energy Services Holdings, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.8 of KLXE Energy Services Holdings, Inc.'s Current Report on Form 8-K, filed on July 28, 2020, File No. 001-38609).
10.12+	Quintana Energy Services Inc. 2018 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 of Quintana Energy Services Inc.'s Current Report on Form 8-K, filed on February 14, 2018, File No. 001-38383).
10.13+	Quintana Energy Services Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 of Quintana Energy Services Inc.'s Current Report on Form 8-K, filed on February 14, 2018, File No. 001-383830.
10.14+	Form of Performance Share Unit Agreement (Executive Officers - 2018 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.27 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.15+	Form of Performance Share Unit Agreement (Employees - 2018 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.28 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.16+	Form of Performance Share Unit Agreement (Executive Officers - 2019 Form) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.29 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.17+	Form of Performance Share Unit Agreement (Employees-2019 Form) under the Quintana Energy Services 2019 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.30 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.18+	Form of Restricted Stock Unit Agreement (Executive Officers) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.31 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
10.19+	Form of Restricted Stock Unit Agreement (Employees) under the Quintana Energy Services Inc. 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.32 of Quintana Energy Services Inc.'s Annual Report on Form 10-K filed on March 6, 2020).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
\+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KLX ENERGY SERVICES HOLDINGS, INC.

By: /s/ Christopher J. Baker
Christopher J. Baker
Chief Executive Officer and President

Date: September 4, 2020

By: /s/ Keefer M. Lehner
Keefer M. Lehner
Executive Vice President and Chief Financial Officer

Date: September 4, 2020

By: /s/ Geoffrey C. Stanford
Geoffrey C. Stanford
Vice President and Chief Accounting Officer

Date: September 4, 2020

Explanatory Note: This exhibit is being filed pursuant to Item 601(b)(3)(i) of Regulation S-K, which requires a conformed version of our charter reflecting all amendments in one document. Therefore, the document below reflects the Amended and Restated Certificate of Incorporation of KLX Energy Services Holdings, Inc., as filed with the Delaware Secretary of State on June 28, 2018, revised to incorporate the amendment filed with the Delaware Secretary of State on July 27, 2020, which amendment changed the first section of Article IV to provide for a reverse split of the common stock issued and outstanding immediately prior to the reverse split at a ratio within a range of one share of common stock for every five-to-ten shares of common stock outstanding prior to the reverse stock split, with the exact ratio in such range being fixed by the Board of Directors. The amendment was adopted by stockholders on July 24, 2020. On July 26, 2020, the Board of Directors of KLX Energy Services Holdings, Inc. approved a reverse stock split ratio of one share of common stock for every five shares of common stock outstanding prior to the reverse stock split.

CONFORMED VERSION OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF KLX ENERGY SERVICES HOLDINGS, INC. AS AMENDED BY AMENDMENT FILED ON JULY 27, 2020

KLX Energy Services Holdings, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "General Corporation Law"), hereby certifies as follows:

1. The name of the Corporation is KLX Energy Services Holdings, Inc. The Corporation was originally incorporated pursuant to the General Corporation Law on June 28, 2018, when the original Certificate of Incorporation was filed with the Delaware Secretary of State (the "Original Certificate").
2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), which restates and amends the Original Certificate, has been declared advisable by the board of directors (the "Board") of the Corporation, duly adopted by the stockholders of the Corporation and duly executed and acknowledged by the officers of the Corporation in accordance with Sections 103, 228, 242 and 245 of the General Corporation Law.

ARTICLE I

Name

The name of the corporation is KLX Energy Services Holdings, Inc.

ARTICLE II

Registered Office and Registered Agent

The address of the registered office of the Corporation in the State of Delaware is 3411 Silverside Road Tatnall Building #104 in the City of Wilmington County of New Castle, 19810. The name of the registered agent of the Corporation at such address is Corporate Creations Network Inc.

ARTICLE III

Corporate Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

ARTICLE IV

Capital Stock

(1) The total number of shares of all classes of stock that the Corporation shall have authority to issue is 121,000,000, of which 110,000,000 shall be shares of Common Stock of the Corporation, par value $0.01 per share ("Common Stock"), and 11,000,000 shall be shares of Preferred Stock, at a par value of $0.01 per share ("Preferred Stock").

Upon the effectiveness of the filing of this Certificate of Amendment (the "Effective Time"), the shares of common stock, par value $0.01 per share, issued and outstanding or held in treasury immediately prior to the Effective Time (the "Old Common Stock") shall be reclassified into a smaller number of shares of Common Stock such that each five (5) to ten (10) shares of Old Common Stock are reclassified as one (1) share of Common Stock, the exact ratio within such range to be determined by the Board of Directors of the Corporation prior to the Effective Time and publicly announced by the Corporation (such reclassification, the "Reverse Stock Split"). No fractional shares shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive a fractional share of Common Stock shall be entitled to receive a cash payment (without interest) equal to the fractional share of Common Stock to which such stockholder would otherwise be entitled multiplied by the closing sales price of a share of the Corporation's Common Stock (as adjusted to give effect to the Reverse Stock Split) as reported on The Nasdaq Stock Market, LLC on the date this amendment to the Amended and Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware.

Each stock certificate that represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Common Stock into which such shares of Old Common Stock shall have been reclassified pursuant to the Reverse Stock Split (as well as the right to receive cash in lieu of fractional shares of Common Stock after the effectiveness of the Reverse Stock Split), until the same shall be surrendered for transfer or exchange. As soon as practicable after the effectiveness of the Reverse Stock Split and, if applicable in the case of shares of Old Common Stock represented by one or more certificates, the Corporation shall, upon surrender of such certificate(s) (or, in the case of any certificate that is alleged to have been lost, stolen or destroyed, an affidavit of loss and an indemnity reasonably satisfactory to the Corporation) (a) issue and deliver, or cause to be issued and delivered, to each holder of shares of Old Common Stock, or to his, her or its nominees, either a stock certificate or stock certificates or a notice of a book-entry made by the Corporation in its stock records, as applicable, for the number of whole shares of Common Stock into which the number of shares of Old Common Stock shall have been reclassified pursuant to the Reverse Stock Split and (b) pay, or cause to be paid, cash in lieu of any fraction of a share of Common Stock resulting from the Reverse Stock Split.

(2) The Board is hereby expressly authorized to provide, out of the unissued shares of Preferred Stock, for the issuance of one or more series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. The Corporation shall, from time to time and in accordance with applicable law, increase the number of authorized shares of Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit the conversion of any series of Preferred Stock that, as provided for or fixed pursuant to the provisions of this paragraph (2) of Article IV, is otherwise convertible into Common Stock.

ARTICLE V

Board of Directors

(1) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or this Certificate of Incorporation directed or required to be exercised or done by stockholders.

(2) Subject to any limitation on the maximum or minimum number of directors of the Corporation as may be provided in the Bylaws of the Corporation, the number of directors of the Corporation shall be fixed from time to time solely by the Board.

(3) The Board shall be divided into three classes (each such class, a "Class"), as nearly equal in number as possible, designated: Class I, Class II and Class III. As soon as practicable following the effectiveness of this Certificate of Incorporation, and thereafter from time to time following any increase or decrease in the number of directors, the number of directors in each Class shall be apportioned by the Board to be as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director.

(4) Each director shall hold office until the end of the term provided for such director in paragraph (5) or (8) of this Article V, and thereafter until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal in the manner hereinafter provided.

(5) Except as provided in paragraph (8) of this Article V, each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, however, that each director initially appointed as a Class I director shall serve for an initial term expiring at the Corporation's first annual meeting of stockholders following the effectiveness of this Certificate of Incorporation; each director initially appointed as a Class II director shall serve for an initial term expiring at the Corporation's second annual meeting of stockholders following the effectiveness of this Certificate of Incorporation; and each director initially appointed as a Class III director shall serve for an initial term expiring at the Corporation's third annual meeting of stockholders following the effectiveness of this Certificate of Incorporation.

(6) Any director or the entire Board may be removed from office only for cause and only by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the total voting power of the outstanding shares of the capital stock of the Corporation entitled to vote in any annual election of directors or Class of directors, voting together as a single class.

(7) Vacancies occurring on the Board for any reason, including, without limitation, vacancies occurring as a result of the death, resignation, retirement, disqualification or removal from office of a director, or the creation of new directorships that increase the number of directors, shall solely be filled by a majority vote of the directors then in office, even if the number of such directors is less than a quorum, or by a sole remaining director, or by the written consent of such directors as permitted by the General Corporation Law and as provided in the Bylaws of the Corporation, and shall not be filled by the stockholders.

(8) Any director chosen to fill a vacancy pursuant to paragraph (7) of this Article V shall, at the time such director is chosen or as soon as practicable thereafter, be designated by the Board as either a Class I, Class II or Class III director, with such Class corresponding to the Class in which such vacancy existed. Such director shall serve for a term equal to the remainder of the term of the other directors of such Class in office at the time such vacancy was filled (or, if no other directors are a member of such Class at such time, for a term equal to the remainder of the term that a director of such Class would have served had such director been in office at the time of the effectiveness of this Certificate of Incorporation and served continuously as a director until the time that such vacancy was filled).

(9) At any meeting of stockholders at which directors are elected, directors shall be elected by a plurality of the voting power of the shares entitled to vote on the election of directors and present in person or by proxy at the meeting. Elections of directors of the Corporation need not be by written ballot, except and to the extent provided in the Bylaws of the Corporation.

(10) To the fullest extent permitted by the General Corporation Law as it now exists and as it may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. For the avoidance of all doubt, notwithstanding any other provision in this Certificate of Incorporation, no amendment to, modification of or repeal of this paragraph (10) shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

(11) Nothing in this Article V shall be deemed to affect or restrict (i) any rights of the holders of any series of Preferred Stock to elect directors as provided for or fixed pursuant to the provisions of Article IV, or (ii) the ability of the Board to provide, pursuant to Article IV, for the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of any series of Preferred Stock, including with regard to those directors, if any, to be elected by the holders of any series of Preferred Stock.

ARTICLE VI

Interested Directors and Officers

(1) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because such director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or her vote are counted for such purpose, if (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof, or the stockholders.

(2) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE VII

Stockholder Action

(1) The annual meeting of stockholders of the Corporation for the election of directors of the Corporation, and for the transaction of such other business as may properly come before such meeting, shall be held at such place, date and time as shall be fixed by the Board in its sole and absolute discretion.

(2) Except as otherwise required by law, or as otherwise provided for or fixed pursuant to the provisions of Article IV with regard to the rights of holders of shares of one or more series of Preferred Stock, special meetings of stockholders of the Corporation may only be called by (i) the Board, or (ii) the Chairman of the Board of the Corporation or the Chief Executive Officer of the Corporation.

(3) Any previously scheduled meeting of the stockholders may be postponed to another date, time or place by resolution of the Board.

(4) Except as otherwise provided for or fixed pursuant to the provisions of Article IV with regard to the rights of holders of shares of one or more series of Preferred Stock, no action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting; provided, however, that the taking of any action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting if such action and the taking of such action by written consent of stockholders in lieu of a meeting have each been expressly approved in advance by the Board.

ARTICLE VIII

Indemnification and Insurance

(1) Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is an alleged action in an official capacity as a director or officer or in another capacity for or at the request of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law, as the same exists or may hereafter be amended

(but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties, including under the Employee Retirement Income Security Act of 1974, as amended, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (2) of this Article VIII with respect to proceedings seeking to enforce rights to indemnification hereunder, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was specifically authorized by the Board. The right to indemnification conferred in this Article VIII shall be a contract right that vests upon a person becoming a director or officer of the Corporation or upon a person serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law requires, the payment of such expenses incurred by a director or officer of the Corporation in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article VIII or otherwise. Notwithstanding the foregoing, subsequent to an indictment of, or the filing of a civil complaint by a U.S. federal or state governmental enforcement agency against, a director or officer of the Corporation (in any capacity, including as an employee or agent of another enterprise and service to an employee benefit plan) entitled to or receiving advancement of expenses, the Corporation may, subject to applicable law (including to the extent indemnification is required under Section 145(c) of the General Corporation Law), terminate, reduce or place conditions upon any future advancement of expenses (including with respect to costs, charges, attorneys' fees, experts' fees and other fees) incurred by such director or officer relating to his or her defense thereof if (i) such director or officer does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions on such director or officer or otherwise admits, in a legal proceeding, to the alleged violation resulting in the relevant indictment or complaint, or (ii) if the Corporation initiates an internal investigation and a determination is made (x) by the disinterested directors, even though less than a quorum, or (y) if there are no disinterested directors or the disinterested directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-maker at the time such determination is made demonstrate that such director or officer acted in a manner that is not indemnifiable by the Corporation. Any future indemnification or similar agreement entered into by the Corporation with any director or officer of the Corporation and that addresses the advancement of expenses shall contain restrictions substantially similar to the immediately preceding sentence.

(2) If a claim under paragraph (1) of this Article VIII is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the claimant may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law for the Corporation to indemnify the claimant for the amount claimed or, in the case of a claim regarding advancement of expenses, the Corporation has terminated, reduced or placed conditions upon advancement of expenses in accordance with paragraph (1) of this Article VIII, but in each case, the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including the Board, a committee thereof, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law, nor an actual determination by the Corporation (including the Board, a committee thereof, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) The right to indemnification and the advancement and payment of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation of the Corporation, other bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(4) If this Article VIII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees, experts' fees and other fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article VIII that shall not have been invalidated and to the full extent permitted by applicable law.

(5) For the avoidance of all doubt, notwithstanding any other provision in this Certificate of Incorporation, no amendment to, modification of or repeal of any provision of this Article VIII shall apply to or have any effect on the liability or alleged liability, or any right to indemnification or to advancement of expenses, of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment, except as otherwise consented to in writing by such director or officer.

(6) The Board may, or may authorize one or more officers to, provide for the indemnification and/or advancement of expenses by the Corporation to any current or former employee or agent of the Corporation or any of the Corporation's subsidiaries who would not otherwise have a right to indemnification or advancement of expenses pursuant to this Article VIII and was or is made a party to or is threatened to be made a party to or is otherwise involved or threatened to be involved (including, without limitation, as a witness) in any proceeding, by reason of the fact that he or she is or was such an employee or agent or, while serving as an employee or agent, he or she is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation or a partnership, joint venture, trust, nonprofit entity or other enterprise, including service with respect to an employee benefit plan, of such scope and effect and subject to such terms as determined by the Board or such officer or officers, in each case, as and to the extent permitted by applicable law.

(7) The Corporation may purchase and maintain insurance on behalf of itself and any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under Section 145 of the General Corporation Law.

ARTICLE IX

Bylaws

In furtherance and not in limitation of the powers conferred by the General Corporation Law, the Board shall expressly have the power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the entire Board. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation, provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then-outstanding voting stock of the Corporation, voting together as a single class, shall be required for our stockholders to amend, repeal or adopt any provision of the Bylaws of the Corporation.

ARTICLE X

Amendment

(1) The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Certificate of Incorporation and, except as expressly provided otherwise in this Certificate of Incorporation, all rights conferred on stockholders, directors, officers, employees or agents of the Corporation in this Certificate of Incorporation are subject to this reserved power.

(2) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, and in addition to any affirmative vote of the holders of any particular class of stock of the Corporation required by applicable law or this Certificate of Incorporation, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then-outstanding voting stock of the Corporation, voting together as a single class, shall be required for our stockholders to amend, repeal or adopt any provisions of this Certificate of Incorporation inconsistent with Article V, paragraphs (2) and (4) of Article VII, or this Article X of this Certificate of Incorporation.

SECOND AMENDED AND RESTATED

BYLAWS

OF

KLX ENERGY SERVICES HOLDINGS, INC.

Table of Contents

SECOND AMENDED AND RESTATED BYLAWS OF KLX ENERGY SERVICES HOLDINGS, INC.

ARTICLE I
OFFICES

Section 1.01. Offices. In addition to its registered office in the State of Delaware, KLX Energy Services Holdings, Inc. (the "Corporation") may also have an office or offices at any other place or places within or without the State of Delaware as the Board of Directors of the Corporation (the "Board") may from time to time determine or the business of the Corporation may from time to time require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.01. Annual Meetings. The annual meeting of stockholders of the Corporation for the election of directors of the Corporation, and for the transaction of such other business as may properly come before such meeting, shall be held at such place, date and time as shall be fixed by the Board pursuant to the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") and designated in the notice or waiver of notice of such annual meeting.

Section 2.02. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called by the Board or the Chairman of the Board of the Corporation (the "Chairman") or the Chief Executive Officer of the Corporation (the "Chief Executive Officer"), to be held at such place, date and time as shall be designated in the notice or waiver of notice thereof.

Section 2.03. Notice of Meetings. Except as otherwise provided by law, written notice of each annual or special meeting of stockholders stating the place, date and time of such meeting and, in the case of a special meeting, the purpose or purposes for which such meeting is to be held, shall be given personally, by internationally recognized overnight courier service, or by first-class mail (airmail in the case of international communications) to each recordholder of shares entitled to vote thereat, no less than ten (10) nor more than sixty (60) days before the date of such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears in the records of the Corporation. If sent by internationally recognized courier service, such notice shall be deemed to be given when deposited with such courier service, carriage and delivery prepaid, directed to the stockholder at such stockholder's address as it appears in the records of the Corporation. If, prior to the time of mailing, the Secretary shall have received from any stockholder a written request that notices intended for such

stockholder are to be mailed to some address other than the address that appears in the records of the Corporation, notices intended for such stockholder shall be mailed to the address designated in such request.

Section 2.04. Waiver of Notice. Notice of any annual or special meeting of stockholders need not be given to any stockholder who files a written waiver of notice with the Secretary, signed by the person entitled to notice, whether before or after such meeting. Neither the business to be transacted at, nor the purpose of any meeting of stockholders need be specified in any written waiver of notice thereof. Attendance of a stockholder at a meeting, in person or by proxy, shall constitute a waiver of notice of such meeting, except when such stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the notice of such meeting was inadequate or improperly given.

Section 2.05. Postponements and Adjournments. Whenever an annual or special meeting of stockholders is postponed to another date, time or place by the Board, notice need not be given of the postponed meeting if a public announcement of such postponement is made prior to the original date of the meeting. Whenever an annual or special meeting of stockholders is adjourned to another date, time or place, notice need not be given of the adjourned meeting if the date, time and place thereof are announced at the meeting at which the adjournment is taken. If the postponement or adjournment is for more than thirty (30) days, or if after the postponement or adjournment a new record date is fixed for the postponed or adjourned meeting, a notice of the postponed or adjourned meeting shall be given to each stockholder entitled to vote thereat. At any postponed or adjourned meeting, any business may be transacted which might have been transacted at the original meeting. Notwithstanding the other provisions of these Bylaws or as otherwise required by law, the chairman of the meeting, whether or not a quorum is present, shall have the power to adjourn or recess such meeting at any time and for any reason.

Section 2.06. Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the recordholders of a majority of the shares entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders, whether annual or special. If, however, such quorum shall not be present in person or by proxy at any meeting of stockholders, the chairman of the meeting or the stockholders present and entitled to vote thereat may, by the vote of the recordholders of a majority of the shares held by such present stockholders, adjourn the meeting from time to time in accordance with Section 2.05 hereof until a quorum shall be present in person or by proxy.

Section 2.07. Voting. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question, and any question brought before any such meeting shall be determined by the affirmative vote of the recordholders of a majority in voting power of the shares present in person or by proxy at the meeting and entitled to vote on such question..

Section 2.08. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such proxy shall be filed with the Secretary before such meeting of stockholders, at such time as the Board may require. No proxy shall be voted or acted upon more than three (3) years from its date, unless the proxy provides for a longer period.

Section 2.09. Nominations and Proposals. (a) At any annual meeting of the stockholders, only such nominations of persons for election to the Board and such other business shall be conducted as shall have been properly brought before the meeting.

(b) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

(c) To be properly brought before an annual meeting of stockholders, nominations or such other business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board or any committee thereof, (ii) otherwise properly brought before the meeting by or at the direction of the Board or any committee thereof, or (iii) otherwise properly brought before the meeting by a stockholder who is a stockholder of record of the Corporation at the time notice of such meeting is given, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.09. In addition, any proposal of business (other than the nomination of persons for election to the Board) must be a proper matter for stockholder action.

(d) For business (including, but not limited to, director nominations) to be properly brought before an annual meeting by a stockholder, the stockholder or stockholders of record intending to propose the business (the "Proposing Stockholder") must have given timely and proper notice thereof, in full compliance with this Section 2.09, in writing to the Secretary.

(e) To be timely, a Proposing Stockholder's notice of nominations or other business to be brought before an annual meeting must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation:

(i) With regard to notice of nominations or other business proposed to be brought before an annual meeting of stockholders to be held on a day that is not more than thirty (30) days in advance of the anniversary of the previous year's annual meeting nor later than seventy (70) days after the anniversary of the previous year's annual meeting, not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred and twentieth (120th) day in advance of the anniversary of the previous year's annual meeting;

(ii) With regard to notice of nominations or other business proposed to be brought before any other annual meeting of stockholders, by the close of business on the tenth (10th) day following the public announcement of the date of such meeting.

In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new notice time period (or extend any notice time period).

(f) To be proper, a Proposing Stockholder's notice must include:

(i) as to each person whom the stockholder proposes to nominate for election as a director (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, (B) such person's written consent to being named in the

proxy statement as a nominee and to serve as a director if elected, and (C) the information, written representation and agreement required to be delivered pursuant to Section 2.10;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(A) the name and address of such stockholder, as they appear on the Corporation's books, and of (1) such beneficial owner (if any) and (2) each Associated Person (as defined below) of each such stockholder and such beneficial owner;

(B) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and/or such beneficial owner, or by any Associated Person thereof;

(C) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing;

(D) a description of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (each of the foregoing, a "Derivative Instrument"), directly or indirectly owned or held beneficially by such stockholder, such beneficial owner, and/or any Associated Person thereof;

(E) a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder and/or such beneficial owner, and any Associated Person thereof, has a right to vote any shares of any security of the Corporation;

(F) a description of any short interest in any security of the Corporation held by such stockholder and/or such beneficial owner, and any Associated Person thereof (for purposes of this Section 2.09(f), a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security);

(G) a description of any rights to dividends on the shares of the Corporation owned beneficially by such stockholder and/or such beneficial owner, and any Associated Person thereof, that are separated or separable from the underlying shares of the Corporation;

(H) a description of any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company in which such stockholder and/or such beneficial owner, and any Associated Person thereof, is a general partner or manager, or, directly or indirectly, beneficially owns an interest in such general partner or manager;

(I) a description of any performance-related fees (other than an asset-based fee) that such stockholder and/or such beneficial owner, and any Associated Person thereof, is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice;

(J) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

(K) a representation as to whether the stockholder or the beneficial owner, if any, is or will be part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (2) otherwise to solicit proxies from stockholders in support of such proposal or nomination; and

(L) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

With regard to the information required by items (B)-(I) of this Section 2.09(f)(iii), such information shall include, without limitation, any such information with regard to any members of such shareholder's immediate family sharing the same household. The information required by this Section 2.09(f) shall be supplemented by such shareholder and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such information as of the record date.

For the purposes of this Section 2.09(f), an "Associated Person" of any stockholder or beneficial owner means (1) any affiliate or person acting in concert with such stockholder or beneficial owner in relation to the nomination or proposal, and (2) each

director, officer, employee, general partner or manager of such stockholder or beneficial owner or any such affiliate or person with which such stockholder or beneficial owner is acting in concert in relation to the nomination or proposal.

(g) The foregoing notice requirements of Section 2.09(f) shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with the applicable rules and regulations promulgated under Section 14(a) of the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(h) In addition to the information required by the provisions of this Section 2.09, and the information, written representation and agreement required to be delivered pursuant to Section 2.10, the Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(i) Notwithstanding anything in these Bylaws to the contrary: (i) no nominations shall be made and no business shall be conducted at any meeting of stockholders except in accordance with the procedures set forth in this Section 2.09, and (ii) unless otherwise required by law, if the Proposing Stockholder does not provide the information required under this Section 2.09 to the Corporation (or any such information provided should be found to be materially inaccurate), or the Proposing Stockholder (or a qualified representative of the Proposing Stockholder) does not appear at the meeting to present the proposed business or nominations, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Corporation. For purposes of this Section 2.09, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(j) Except as otherwise provided by law, the chairman of any meeting of stockholders shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.09 and (ii) if any proposed nomination or business was not made or proposed in compliance with this Section 2.09, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

(k) Notwithstanding the foregoing provisions of this Section 2.09, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.09; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.09, and compliance with the provisions of this Section 2.09 shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.09 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors as provided for or fixed pursuant to any applicable provision of the Certificate of Incorporation.

Section 2.10. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under the applicable sections of Section 2.09 above) to the Secretary at the principal executive offices of the Corporation a written and signed questionnaire (in the form customarily used by the Corporation for its directors) with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person:

(a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment"), except as has been disclosed to the Board, or (ii) any Voting Commitment that could limit or interfere with such persons' ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law;

(b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation, except as has been disclosed to the Board;

(c) is not and will not become a party to any agreement, arrangement or understanding with any person or entity with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of any public company (other than the Corporation), except as has been disclosed to the Board;

(d) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation;

(e) is not and will not serve as a director on the boards of more than two (2) other public companies, unless the Board has determined in advance that such simultaneous service will not impair his ability to effectively serve on the Board; and

(f) will promptly tender his resignation to the Board in the event that, at any time he or she is serving as a director of the Corporation, (i) any of the above representations are found by the Board to have been false at the time such representation was made, or (ii) any of the above representations are found by the Board to have become false thereafter.

ARTICLE III
BOARD

Section 3.01. General. The business and affairs of the Corporation shall be managed by the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by stockholders. Directors need not be stockholders of the Corporation.

Section 3.02. Number. The total number of directors shall be not less than three (3) nor more than nine (9), as such shall be fixed within these limits from time to time by the Board.

Section 3.03. Resignation. Any director may resign at any time by delivering his written resignation to the Board, the Chairman or the Secretary. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt thereof by the Board, the Chairman or the Secretary, as the case may be.

Section 3.04. Meetings. (a) Annual Meetings. As soon as practicable after each annual election of directors by the stockholders, the Board shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 3.06 hereof.

(b) Other Meetings. Other meetings of the Board shall be held at such times as the Chairman, the Secretary or a majority of the Board shall from time to time determine.

(c) Notice of Meetings. The Secretary shall give written notice to each director of each meeting of the Board, which notice shall state the place, date, time and purpose of such meeting. Notice of each such meeting shall be given to each director, if by mail, addressed to him at his residence or usual place of business, at least three (3) days before the day on which such meeting is to be held, or shall be sent to him at such place by telecopy, facsimile, electronic mail or other form of recorded communication, or be delivered personally or by an internationally recognized courier service or by telephone not later than the day before the day on which such meeting is to be held. A written waiver of notice, signed by the director entitled to notice, whether before or after the time of the meeting referred to in such waiver, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of any meeting of the Board need be specified in any written waiver of notice thereof. Attendance of a director at a meeting of the Board shall constitute a waiver of notice of such meeting, except as provided by law.

(d) Place of Meetings. The Board may hold its meetings at such place or places within or without the State of Delaware as the Board or the Chairman may from time to time determine, or as shall be designated in the respective notices or waivers of notice of such meetings.

(e) Quorum and Manner of Acting. One-third of the total number of directors then in office shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and the vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law, the Certificate of Incorporation or these Bylaws. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present.

(f) Organization. At each meeting of the Board, one of the following shall act as chairman of the meeting and preside, in the following order of precedence:

(1) the Chairman;

(2) the Chief Executive Officer;

(3) any director chosen by a majority of the directors present.

The Secretary or, in the case of the Secretary's absence, any person (who shall be an Assistant Secretary (as defined below), if an Assistant Secretary is present) whom the chairman of the meeting shall appoint shall act as secretary of such meeting and keep the minutes thereof.

Section 3.05. Committees of the Board. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member; provided, however, that any director so appointed must be found by such committee to meet the qualifications, if any, for service on such committee, including any requirement of independence. Any committee of the Board, to the extent provided in the resolution of the Board designating such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no such committee shall have such power or authority in reference to amending the Certificate of Incorporation (except that such a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board as provided in Section 151(a) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation under Sections 251, 252, 254, 255, 256, 257, 258, 263 or 264 of the General Corporation Law, recommending to the stockholders the sale, lease or exchange of all or substantially all the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or the revocation of a dissolution, or amending these Bylaws; provided further, however, that, unless expressly so provided in the resolution of the Board designating such committee, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law. Each committee of the Board shall keep regular minutes of its proceedings and report the same to the Board when so requested by the Board.

Section 3.06. Directors' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, without prior notice and without a vote, if a consent in writing or by electronic transmission, setting forth the action so taken, shall be signed by all the members of the Board or such committee and such consent or electronic transmission is filed with the

minutes of the proceedings of the Board or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.07. Action by Means of Telephone or Similar Communications Equipment. Any one or more members of the Board, or of any committee thereof, may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 3.08. Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board may determine the compensation of directors. In addition, as determined by the Board, directors may be reimbursed by the Corporation for their expenses, if any, in the performance of their duties as directors. No such compensation or reimbursement shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.09. Integration Committee. The Board shall have an integration committee to oversee the integration of the Corporation's business and Quintana Energy Services Inc.'s business (the "Integration Committee"), which shall consist of four members, with Thomas P. McCaffrey serving as chairperson, one additional member designated by the Corporation and two members designated by Quintana Energy Services Inc. The Integration Committee shall act on the affirmative vote of a majority of its members. In the event of a tie vote of the members of the Integration Committee in respect of any matter, such matter shall be decided by the majority of the entire Board. The Integration Committee shall meet as often as necessary to carry out its responsibilities. The Integration Committee's responsibilities shall include (a) overseeing the development of an integration plan for the combined business and management's implementation thereof; (b) overseeing, monitoring and assessing, including key milestones, timelines, organization, cost synergies and the budget for achieving such synergies, as well as the Corporation's progress in achieving its integration plans; (c) together with the compensation committee of the Board, overseeing and monitoring the retention of talent and capabilities and approving any integration performance metric under the Corporation's incentive compensation programs and reviewing the performance results; (d) together with the audit committee of the Board, overseeing and monitoring the Corporation's progress on integrating systems, processes, and controls; (e) providing regular reports to the Board on the progress of the integration; and (f) acting in such other manner as the Board may direct. As the Integration Committee may deem appropriate, it may retain outside advisors to report directly to the Integration Committee. The Integration Committee may request that any officers, employees or outside advisors attend any meeting of the Integration Committee or meet with any of its members.

ARTICLE IV
OFFICERS

Section 4.01. Officers. The officers of the Corporation shall be the Chairman, the Chief Executive Officer, the President, the Secretary and the Treasurer. Officers of the Corporation may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers (each as defined below) and such other officers as the Board may establish. Any two or more offices may be held by the same person.

Section 4.02. Authority and Duties. All officers shall have such authority and perform such duties in the management of the Corporation as may be provided in these Bylaws or, to the extent not so provided, by resolution of the Board.

Section 4.03. Term of Office, Resignation and Removal. (a) Each officer shall be appointed by the Board and shall hold office for such term as may be determined by the Board. Each officer shall hold office until such officer's successor has been appointed and qualified or such officer's earlier death or resignation or removal in the manner hereinafter provided. The Board may require any officer to give security for the faithful performance of such officer's duties.

(b) Any officer may resign at any time by giving written notice to the Board, the Chairman, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt thereof by the Board, the Chairman, the Chief Executive Officer or the Secretary, as the case may be.

(c) All officers and agents appointed by the Board shall be subject to removal, with or without cause, at any time by the Board.

Section 4.04. Vacancies. Any vacancy occurring in any office of the Corporation, for any reason, shall be filled by action of the Board. Unless earlier removed pursuant to Section 4.03 hereof, any officer appointed by the Board to fill any such vacancy shall serve only until such time as the unexpired term of such officer's predecessor expires unless reappointed by the Board.

Section 4.05. The Chairman. The Chairman shall have the power to call special meetings of stockholders, to call special meetings of the Board and, if present, to preside at all meetings of stockholders and all meetings of the Board. The Chairman shall perform all duties incident to the office of Chairman of the Board and all such other duties as may from time to time be assigned to the Chairman by the Board or these Bylaws.

Section 4.06. The Chief Executive Officer. The Chief Executive Officer shall have general and active management and control of the business and affairs of the Corporation, subject to the control of the Board, and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall perform all duties incident to the office of the Chief Executive Officer and all such other duties as may from time to time be assigned to the Chief Executive Officer by the Board or these Bylaws.

Section 4.07. The President. The President, subject to the authority of the Chief Executive Officer, shall have primary responsibility for, and authority with respect to, the management of the day-to-day business affairs of the Corporation, to the extent prescribed by the Chief Executive Officer. The President shall perform all duties incident to the office of President and all such other duties as may from time to time be assigned to the President by the Board, the Chief Executive Officer or these Bylaws.

Section 4.08. Vice Presidents. Vice Presidents of the Corporation ("Vice Presidents"), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the President and perform such other duties as the Board, the Chief Executive Officer or the President shall prescribe, and in the absence or disability of the President, shall perform the duties and exercise the powers of the President.

Section 4.09. The Secretary. The Secretary of the Corporation ("Secretary") shall, to the extent practicable, attend all meetings of the Board and all meetings of stockholders and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform the same duties for any committee of the Board when so requested by such committee. The Secretary shall give or cause to be given notice of all meetings of stockholders and of the Board, shall perform such other duties as may be prescribed by the Board, the Chairman and the Chief Executive Officer, and

shall act under the supervision of the Chairman. The Secretary shall keep in safe custody the seal of the Corporation and affix the same to any instrument that requires that the seal be affixed to it and which shall have been duly authorized for signature in the name of the Corporation and, when so affixed, the seal shall be attested by the Secretary's signature or by the signature of the Treasurer of the Corporation (the "Treasurer") or an Assistant Secretary or Assistant Treasurer of the Corporation. The Secretary shall keep in safe custody the certificate books and stockholder records and such other books and records of the Corporation as the Board, the Chairman, or the Chief Executive Officer may direct and shall perform all other duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board, the Chairman, or the Chief Executive Officer.

Section 4.10. Assistant Secretaries. Assistant Secretaries of the Corporation ("Assistant Secretaries"), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Secretary and perform such other duties as the Board or the Secretary shall prescribe, and, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary.

Section 4.11. The Treasurer. The Treasurer shall have the care and custody of all the funds of the Corporation and shall deposit such funds in such banks or other depositories as the Board, or any officer or officers, or any officer and agent jointly, duly authorized by the Board, shall, from time to time, direct or approve. The Treasurer shall disburse the funds of the Corporation under the direction of the Board and the Chief Executive Officer. The Treasurer shall keep a full and accurate account of all moneys received and paid on account of the Corporation and shall render a statement of the Treasurer's accounts whenever the Board, the Chairman, or the Chief Executive Officer shall so request. The Treasurer shall perform all other necessary actions and duties in connection with the administration of the financial affairs of the Corporation and shall generally perform all the duties usually appertaining to the office of treasurer of a corporation. When required by the Board, the Treasurer shall give bonds for the faithful discharge of the Treasurer's duties in such sums and with such sureties as the Board shall approve.

Section 4.12. Assistant Treasurers. Assistant Treasurers of the Corporation ("Assistant Treasurers"), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Treasurer and perform such other duties as the Board or the Treasurer shall prescribe, and, in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer.

ARTICLE V
CHECKS, DRAFTS, NOTES AND PROXIES

Section 5.01. Checks, Drafts and Notes. All checks, drafts and other orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall be determined, from time to time, by resolution of the Board.

Section 5.02. Execution of Proxies. The Chairman, the Chief Executive Officer, the President or any Vice President may authorize, from time to time, the execution and issuance of proxies to vote shares of stock or other securities of other corporations held of record by the Corporation and the execution of consents to action taken or to be taken by any such corporation. All such proxies and consents, unless otherwise authorized by the Board, shall be signed in the name of the Corporation by the Chairman, the Chief Executive Officer, the President or any Vice President.

ARTICLE VI
SHARES AND TRANSFERS OF SHARES

Section 6.01. Certificates Evidencing Shares. Shares may be evidenced by certificates in such form or forms as shall be approved by the Board. Certificates shall be issued in consecutive order and shall be numbered in the order of their issue, and shall be signed by the Chairman, the President or any Vice President and by the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer. If such a certificate is manually signed by one such officer, any other signature on the certificate may be a facsimile. In the event any such officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to hold such office or to be employed by the Corporation before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such officer had held such office on the date of issue.

Section 6.02. Stock Ledger. A stock ledger in one or more counterparts shall be kept by the Secretary, in which shall be recorded the name and address of each person, corporation or other entity owning the shares evidenced by each certificate evidencing shares issued by the Corporation, the number of shares evidenced by each such certificate, the date of issuance thereof and, in the case of cancellation, the date of cancellation. Except as otherwise expressly required by law, the person in whose name shares stand on the stock ledger of the Corporation shall be deemed the owner and recordholder of such shares for all purposes.

Section 6.03. Transfers of Shares. Registration of transfers of shares shall be made only in the stock ledger of the Corporation upon request of the registered holder of such shares, or of his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, and upon the surrender of the certificate or certificates evidencing such shares properly endorsed or accompanied by a stock power duly executed, together with such proof of the authenticity of signatures as the Corporation may reasonably require.

Section 6.04. Addresses of Stockholders. Each stockholder shall designate to the Secretary an address at which notices of meetings and all other corporate notices may be served or mailed to such stockholder, and, if any stockholder shall fail to so designate such an address, corporate notices may be served upon such stockholder by mail directed to the mailing address, if any, as the same appears in the stock ledger of the Corporation or at the last known mailing address of such stockholder.

Section 6.05. Lost, Destroyed and Mutilated Certificates. Each recordholder of shares shall promptly notify the Corporation of any loss, destruction or mutilation of any certificate or certificates evidencing any share or shares of which such recordholder is the recordholder. The Board may, in its discretion, cause the Corporation to issue a new certificate in place of any certificate theretofore issued by it and alleged to have been mutilated, lost, stolen or destroyed, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction, and the Board may, in its discretion, require the recordholder of the shares evidenced by the lost, stolen or destroyed certificate or such recordholder's legal representative to give the Corporation a bond sufficient to indemnify the Corporation against any claim made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 6.06. Regulations. The Board may make such other rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates evidencing shares.

Section 6.07. Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to, or to dissent from, corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action. A determination of the stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any postponement or adjournment of such meeting; provided, however, that the Board may fix a new record date for the postponed or adjourned meeting.

ARTICLE VII
SEAL

Section 7.01. Seal. The Board may approve and adopt a corporate seal, which shall be in the form of a circle and shall bear the full name of the Corporation, the year of its incorporation and the words "Corporate Seal Delaware".

ARTICLE VIII
FISCAL YEAR

Section 8.01. Fiscal Year. The fiscal year of the Corporation shall end on the thirty-first day of January of each year unless changed by resolution of the Board.

ARTICLE IX
FORUM AND VENUE

Section 9.01. Forum and Venue. (a) Forum and Venue of Certain Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, or (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the certificate of incorporation or the bylaws of the Corporation, or (iv) any action asserting a claim governed by the internal affairs doctrine; in each case subject to said court having personal jurisdiction over the indispensable parties named as defendants therein. If any action the subject matter of which is within the scope of this Section 9.01(a) is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce this Section 9.01(a) (an "Enforcement Action"), and (y) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.01(a).

(b) Forum and Venue for Securities Act Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.01(b).

ARTICLE X
AMENDMENTS

Section 10.01. Amendments. No Bylaw (including these Bylaws) may be altered, amended or repealed except by the requisite vote of the Board or the stockholders pursuant to the Certificate of Incorporation.

ARTICLE XI
CERTAIN DEFINITIONS

Section 11.01. Certain Definitions. As used in these Bylaws, the following terms shall have the meanings indicated in this Section 11.01:

(a) "Public announcement" shall mean an announcement: (i) made by a press release posted on the Corporation's website or reported by the Dow Jones News Service, Associated Press or other national news service, or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission;

(b) "Business day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York, New York are generally authorized or obligated by law or executive order to close.

(c) "Close of business" on any given date shall mean 5:00 p.m., New York City time on such date, or, if such date is not a business day, 5:00 p.m. New York City time on the next succeeding business day.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. Baker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 31, 2020 of KLX Energy Services Holdings, Inc. (the "registrant");

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

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

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

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

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

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2020

/s/ Christopher J. Baker

Christopher J. Baker

Chief Executive Officer, President and Director

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Keefer M. Lehner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended July 31, 2020 of KLX Energy Services Holdings, Inc. (the "registrant");

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

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

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

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

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

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

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2020

/s/ Keefer M. Lehner

Keefer M. Lehner

Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Quarterly Report of KLX Energy Services Holdings, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Christopher J. Baker, as Chief Executive Officer, President and Director of the Company, hereby certify that, to my knowledge:

(1) the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2020

/s/ Christopher J. Baker

Christopher J. Baker

Chief Executive Officer, President and Director

Exhibit 32.2

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Quarterly Report of KLX Energy Services Holdings, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Keefer M. Lehner, as Executive Vice President and Chief Financial Officer of the Company, hereby certify that, to my knowledge:

(1) the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2020

/s/ Keefer M. Lehner

Keefer M. Lehner

Executive Vice President and Chief Financial Officer