You will still need a `.eps` image file; there is no `pdffrag` package that works for `.pdf` files.

Don't use the [`process=all`] option for `pstool`; that'll cause an infinite loop in Overleaf's build tool for now; sorry! If your `\psfrag` replacements change but the `.eps` file itself has not been updated, you'll have to do a 'recompile from scratch' to re-generate the replacements correctly.

Alternatively, you may want to work out all the `\psfrag` commands in a separate project with `\usepackage{psfrag}` and the LaTeX+dvipdf engine (see `https://www.overleaf.com/latex/examples/psfrag-example/tggxhgzwrzhn`), and once you've finalised that, copy the code into your main project (using pdflatex) and replace with `\usepackage{pstool}` and `\psfragfig` instead.
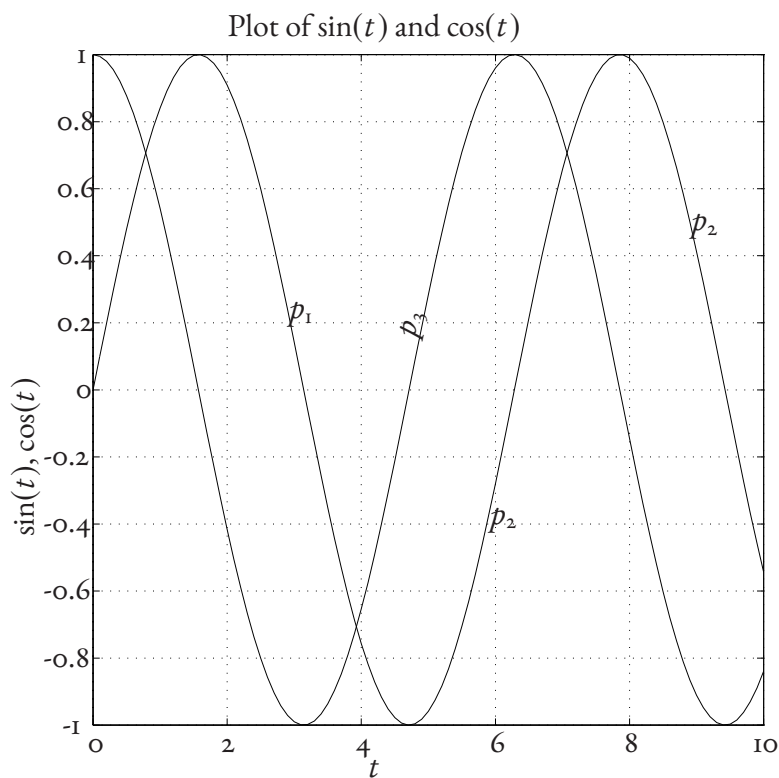

Figure 1: The same EPS image with psfragfig