



---

## **Aris Water Solutions, Inc. – Earnings Presentation**

Third Quarter 2024

---

## Forward-Looking Statements

This presentation and the oral statements made in connection with this presentation contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Examples of forward-looking statements include, but are not limited to, statements, information, opinions or beliefs regarding our business strategy, our industry, our future profitability, business and financial performance, including our guidance for 2024, current and potential future long-term contracts, legal and regulatory developments, our ability to identify strategic acquisitions and realize expected benefits therefrom, the development of technologies for the beneficial reuse of produced water and related strategies, plans, objectives and strategic pursuits and other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “guidance,” “preliminary,” “project,” “estimate,” “expect,” “anticipate,” “continue,” “sustain,” “will,” “intend,” “strive,” “plan,” “goal,” “target,” “believe,” “forecast,” “outlook,” “future,” “potential,” “opportunity,” “predict,” “may,” “visibility,” “possible,” “should,” “could” and variations of such words or similar expressions. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated or implied by the forward-looking statements including our guidance for 2024. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include, but are not limited to, energy prices, the Russia-Ukraine and Middle Eastern conflicts, macroeconomic conditions (such as inflation) and market uncertainty related thereto, legislative and regulatory developments, customer plans and preferences, adverse results from litigation and the use of financial resources for litigation defense, technological innovations and developments, and other events discussed or referenced in our filings made from time to time with the Securities and Exchange Commission (“SEC”), including such factors discussed under “Risk Factors” in our most recent Annual Report on Form 10-K, and if applicable, our subsequent SEC filings, which are available on our Investor Relations website at <https://ir.ariswater.com/sec-filings> or on the SEC’s website at [www.sec.gov/edgar](http://www.sec.gov/edgar). Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. All forward-looking statements, expressed or implied, included in this presentation and any oral statements made in connection with this presentation are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

## Industry and Market Data

Market and industry data and forecasts used in this presentation have been obtained from independent industry sources as well as from research reports prepared for other purposes. We also cite certain information from media and other third-party sources. Although we believe these third-party sources to be reliable, we have not independently verified the data obtained from these sources and we cannot assure you of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this presentation. Statements as to our market position are based on market data currently available to us, as well as management’s estimates and assumptions regarding the size of our markets within our industry. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors. As a result, we cannot guarantee the accuracy or completeness of such information contained in this presentation. In addition, any reference within this presentation or made in connection with this presentation to our support of, work with, or collaboration with a third-party entity or organization does not constitute or imply an endorsement of any or all of the positions or activities of such entity or organization.

## Non-GAAP Financial Measures

In this presentation, we use certain non-GAAP financial measures to evaluate current and past performance and prospects for the future to supplement our GAAP financial information presented in accordance with GAAP. These non-GAAP financial measures are important factors in assessing our operating results and profitability. A reconciliation of non-GAAP measures to the most directly comparable GAAP measures is contained in the appendix to this presentation.

Although we provide guidance for the non-GAAP measures Adjusted EBITDA, Adjusted Operating Margin per Barrel, and Capital Expenditures, we are not able to forecast the most directly comparable measures (net income, gross margin, and cash paid for property, plant and equipment) calculated and presented in accordance with GAAP, without unreasonable effort. Certain elements of the composition of forward-looking GAAP metrics are not predictable, making it impractical for us to forecast. Such elements include but are not limited to non-recurring gains or losses, unusual or non-recurring items, income tax benefit or expense, or one-time transaction costs and cost of revenue, which could have a significant impact on net income. As a result, no reconciliation of forecasted non-GAAP measures are provided.

**We are a leading, growth-oriented water infrastructure and solutions company focused on unlocking value in complex wastewater streams**

**We provide full-cycle, sustainable water handling and recycling solutions that improve the environmental footprint of our customers**

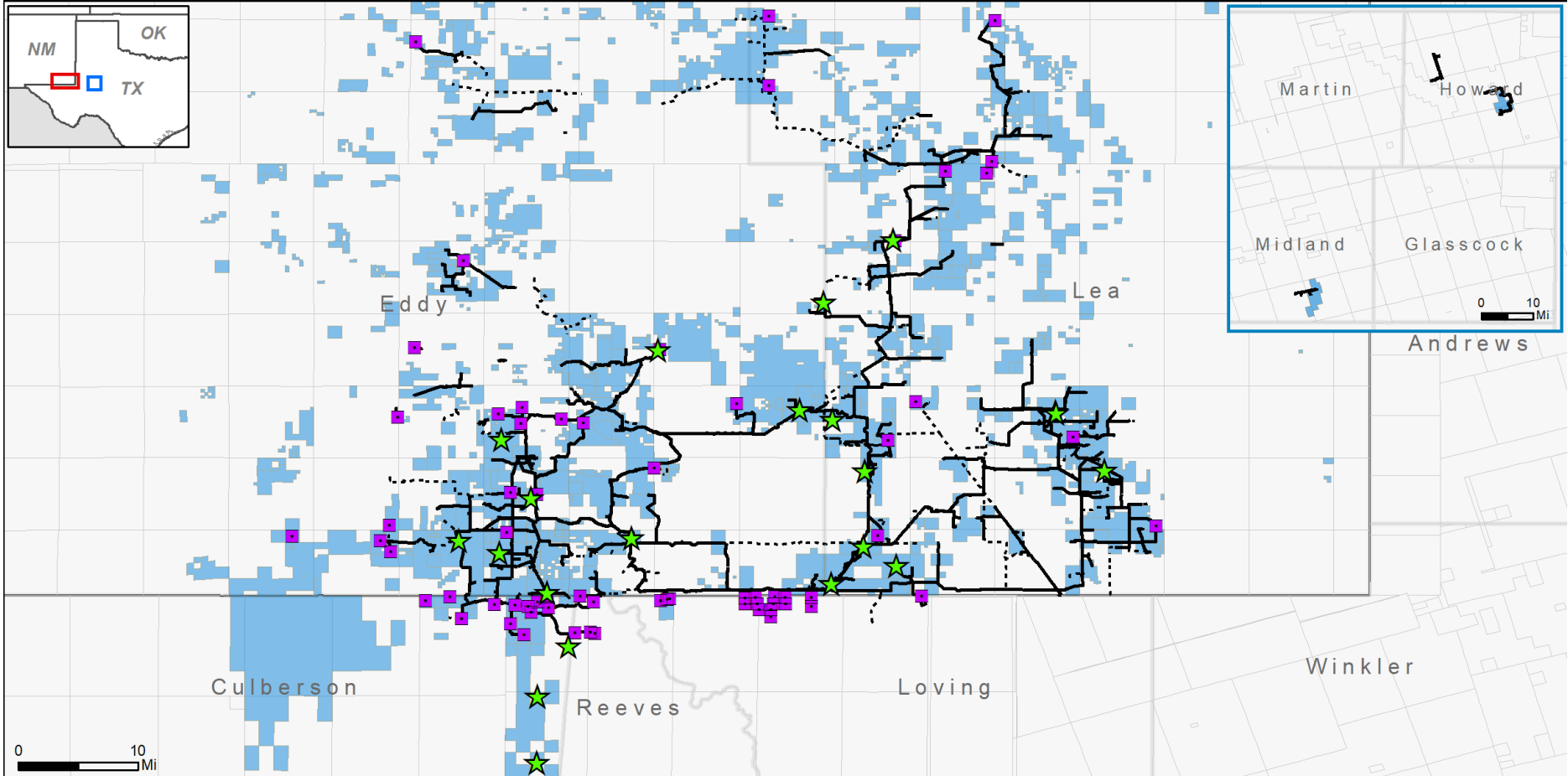
**We are adapting and developing technologies to treat complex water for reuse in multiple industries and identifying high-value minerals in wastewater that can be commercially extracted**



# Overview of Aris's Water System



## Asset Footprint



### Aris Infrastructure

- Produced Water Pipeline
- ..... Right of Way
- Water Handling Facility
- ★ Water Recycling Facility

### Customer Acreage

- Contracted

### Asset Highlights as of September 30, 2024

<b>Miles of Pipeline</b>	~775
<b>Produced Water Handling Capacity</b>	~1,800 kbwpd
<b>Water Recycling Capacity</b>	~1,500 kbwpd
<b>Contracted Acres</b>	~625,000

# Third Quarter 2024 Highlights



## Highlights

- ✓ Increased produced water volumes 2% sequentially and 6% year-over-year
- ✓ Increased Water Solutions volumes 27% sequentially
- ✓ Delivered \$54 million of Adjusted EBITDA<sup>(2)</sup>, up 9% sequentially and up 21% year-over-year
- ✓ Maintained strong Adjusted Operating Margins<sup>(2)</sup> of \$0.45 per barrel
- ✓ First-half weighted capital program substantially complete as planned; third quarter Capital Expenditures<sup>(2)</sup> of \$8 million

### Operational

#### Total Volumes<sup>(1)</sup>



#### Produced Water Volumes<sup>(1)</sup>



#### Water Solutions Volumes<sup>(1)</sup>

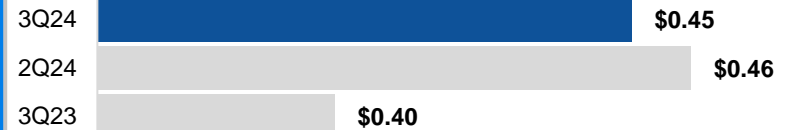


### Financial

#### Adjusted EBITDA<sup>(2)</sup>



#### Adjusted Op. Margin<sup>(2)</sup>



#### Capital Expenditures<sup>(2)</sup>



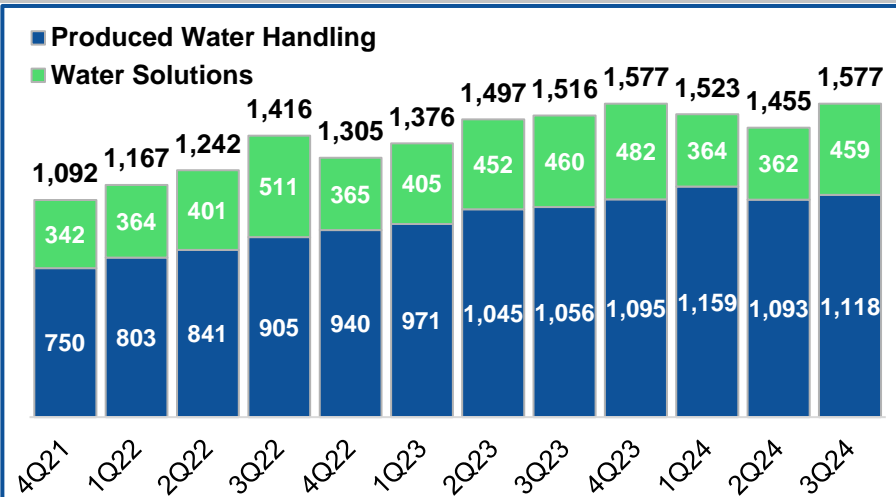
(1) Represents thousands of barrels of water per day.

(2) Represents a non-GAAP measure. See definition and a reconciliation to the most directly comparable GAAP measure in the Appendix.

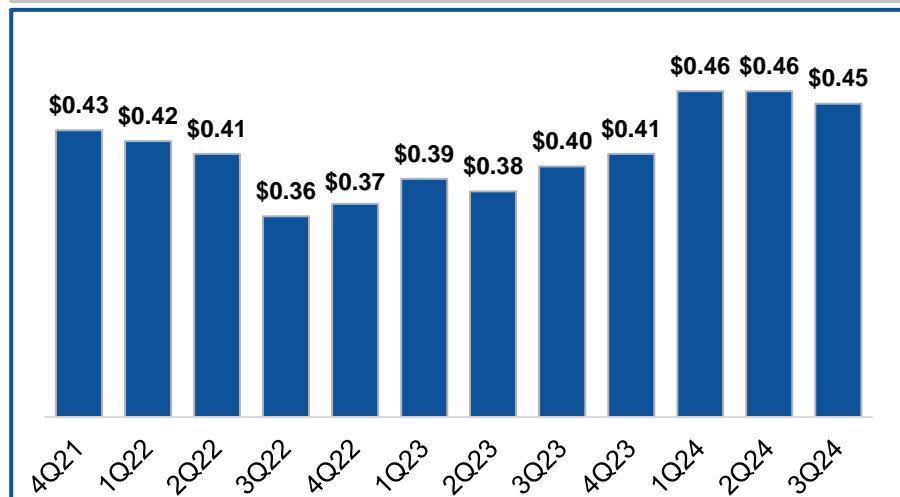
# Key Operating and Performance Metrics



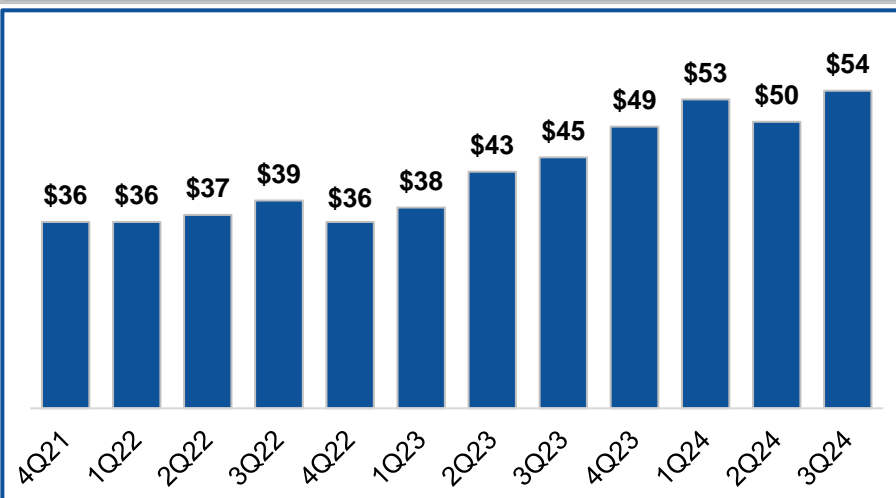
## Volume Profile <sup>(1)</sup> (kbwpd)



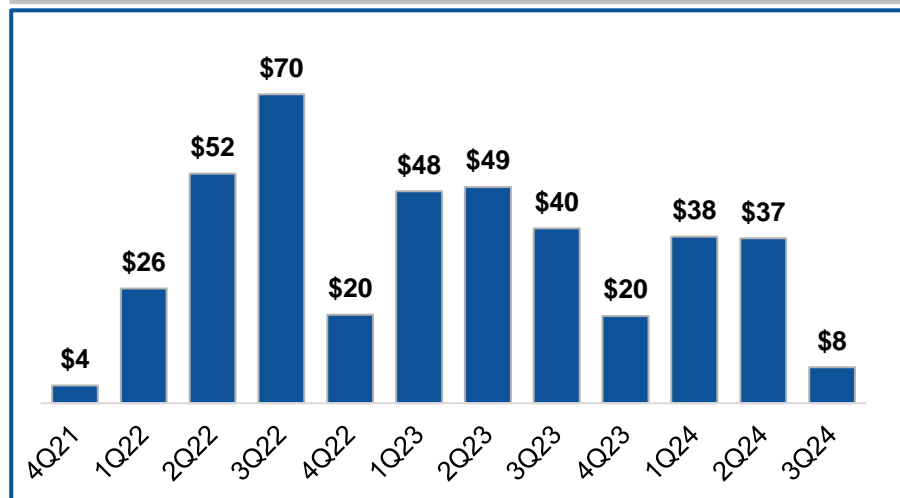
## Adjusted Operating Margin <sup>(2)</sup> (\$/bbl)



## Adjusted EBITDA <sup>(2)</sup> (\$ million)



## Capital Expenditures <sup>(2)</sup> (\$ million)



(1) During 3Q23, Aris sold non-core assets in Martin County, Texas which were handling approximately 50 kbwpd of Produced Water Handling volumes.

(2) Represents a non-GAAP measure. See definition and a reconciliation to the most directly comparable GAAP measure in the Appendix.

## Further Increasing 2024 Adjusted EBITDA Range



- Based on current customer forecasts, anticipating strong completion activity to drive increased water solutions volumes through year-end
- Further increasing 2024 Adjusted EBITDA <sup>(1)</sup> range to \$208 to \$212 million, a ~10% increase versus initial 2024 outlook
- First-half weighted capital expenditure program substantially complete; reaffirming full year 2024 capital expenditure guidance

	Fourth Quarter 2024	
Metric	Low End	High End
Produced Water Handling Volumes (kbwpd)	1,080	1,110
Water Solutions Volumes (kbwpd)	450	490
Adjusted Operating Margin per Barrel <sup>(1)</sup> (\$ / Total Volumes)	\$0.43	\$0.45
<b>Adjusted EBITDA <sup>(1)</sup></b> <b>(\$ million)</b>	<b>\$51</b>	<b>\$55</b>
Capital Expenditures <sup>(1)</sup>	\$15	\$22

(1) Represents a non-GAAP measure. See definition and a reconciliation to the most directly comparable GAAP measure in the Appendix.

## Aris's Capital Allocation Framework

### Continuing Commitment to Balance Sheet Strength and Flexibility

- 3Q24 leverage at ~2.04X <sup>(1)</sup> vs. target leverage of ~2.5X-3.5X
- \$292 million of available liquidity under our revolving credit facility

### Investing in High-Return Organic Growth

- Attractive capital investment opportunities to grow alongside existing customers
- Opportunity to selectively add new customers and projects

### Prudently Evaluating Opportunistic, Strategic Acquisitions

- Disciplined and rigorous evaluation of acquisitions
- Key focus on strategic fit, technology & expertise, financial returns and customer quality

### Sustainably Increasing Shareholder Returns

- Announced a dividend of \$0.105/share, Aris's thirteenth consecutive dividend

### Operating Cash Flow

(-) Interest Expense

(-) Maintenance Capital

### EXCESS CASH FLOW

#### Organic Growth

- High-Return Growth Capital

#### Return of Capital

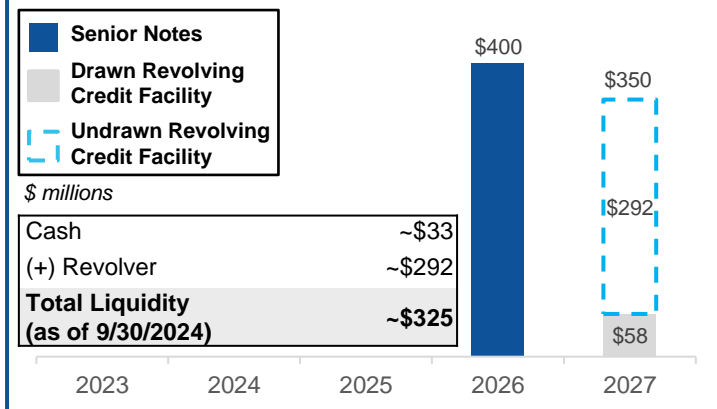
- Dividends
- Share Repurchases

#### Balance Sheet

- Cash to Balance Sheet and/or Debt Paydown

### Strategic M&A

## No Near-Term Maturities and Increased Liquidity



(1) Represents a non-GAAP measure. Defined as net debt as of 9/30/2024 divided by trailing twelve months Adjusted EBITDA. Net debt is calculated as the principal amount of total debt less cash and cash equivalents. See a reconciliation to the most directly comparable GAAP measure in the Appendix.



## 3Q24 Update

### ▪ Beneficial Reuse

- Throughout the 3rd quarter, Aris operated a third desalination technology pilot for treatment of high salinity produced water
- This pilot demonstrated lower energy consumption than previously studied thermal distillation options
- In 2025, targeting substantial capacity scale-up of a chosen technology with Joint Industry Partners ConocoPhillips, ExxonMobil, Chevron, and Coterra

### ▪ Brine Mining

- Iodine: Conducted engineering and site identification for initial iodine facility
- Magnesium: Initiated treatment separation study with UCLA for optimizing magnesium recovery
- Ammonia: Continued assessment of ammonia isolation options at pilot scale for cost and recovery optimization
- Lithium: Aris has been approached by lithium extraction companies for potential mining under a royalty model

### ▪ Industrial Water

- Evaluating opportunities to apply Aris's water treatment expertise to industrial water applications



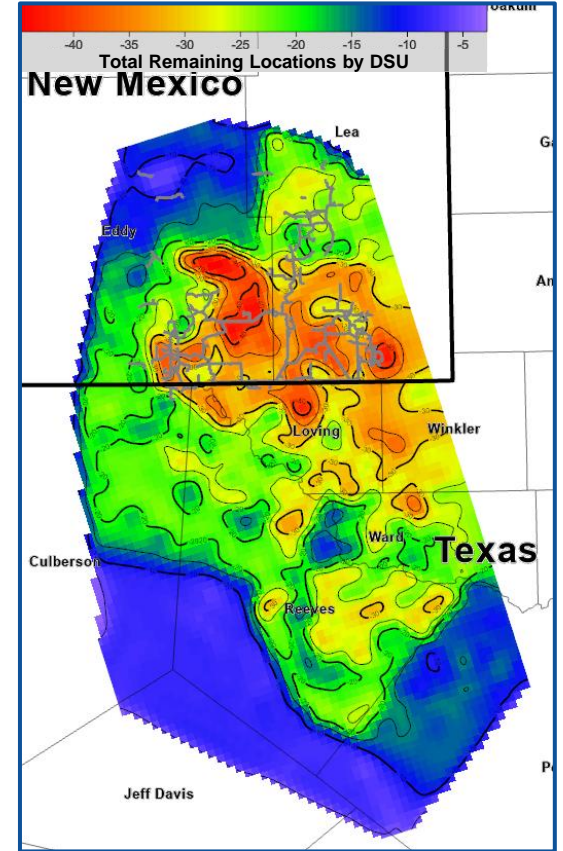
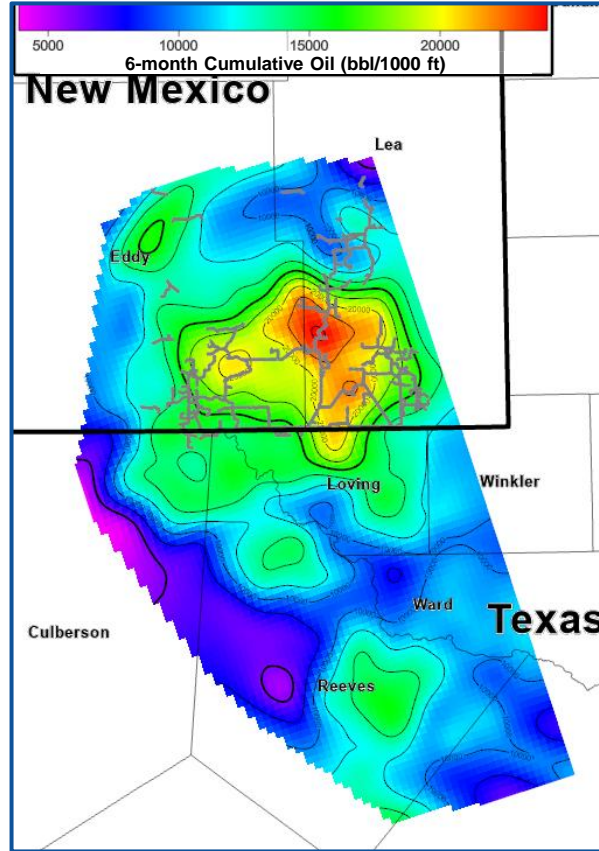
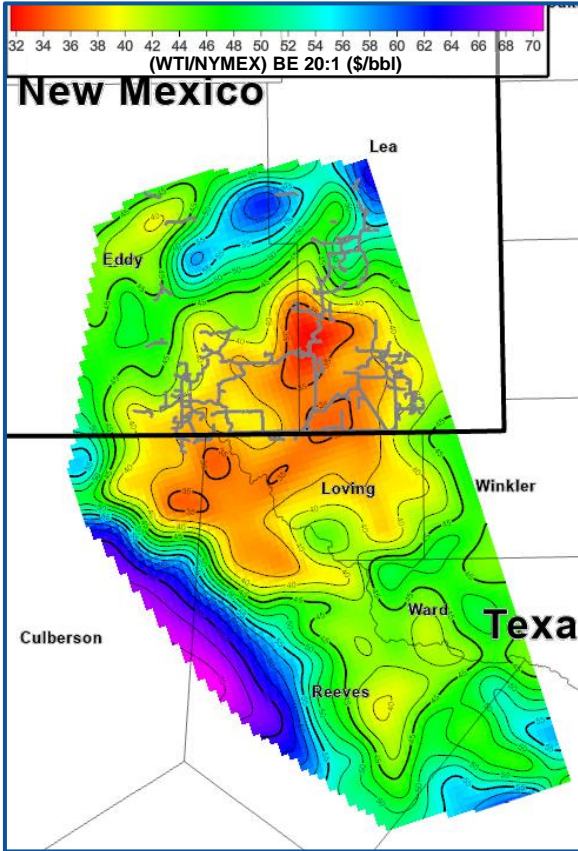


# Aris's Contracted Acreage Features Low Breakevens and Multidecade Inventory Life



Aris has Premier Contracted Acreage With Low Breakevens...

... and Multidecade Remaining Inventory



## 2023 Sustainability Report



Aris published its third annual Sustainability Report on key Environmental, Social, and Governance metrics in 3Q 2024

## Sustainability Highlights & Recognition



Selected as one of four finalists for the Water Reuse Project of the Year as recognized by Global Water Intelligence's Global Water Awards



Reduced groundwater withdrawal by more than 270 million barrels in the past 3 years, significantly enhancing water sustainability in the areas in which we operate



Recipient of Hart Energy's 2023 ESG Award for Public Midstream Companies

## Sustainability Key Metrics <sup>(1)</sup>

### Environmental

- Scope 1 intensity decreased **13%**
- Increased renewably sourced power by **45%**
- Volume of water recycled increased **8%**

### Social

- 9%** decrease in Total Recordable Incident Rate (TRIR) for employees
- Minorities and/or women comprise **73%** of all employees
- Minorities and/or women comprise **20%** of our executive team

### Governance <sup>(2)</sup>

- Our board of directors is made up of **44%** of women and/or minorities
- 67%** of board is independent

(1) Statistics are annual for 2023 unless percentage change, which is the year 2023 vs. 2022. Personnel statistics are as of 12/31/2023.

(2) Statistics for Board of Directors are as of 12/31/2023.

## Full-Cycle Water Management

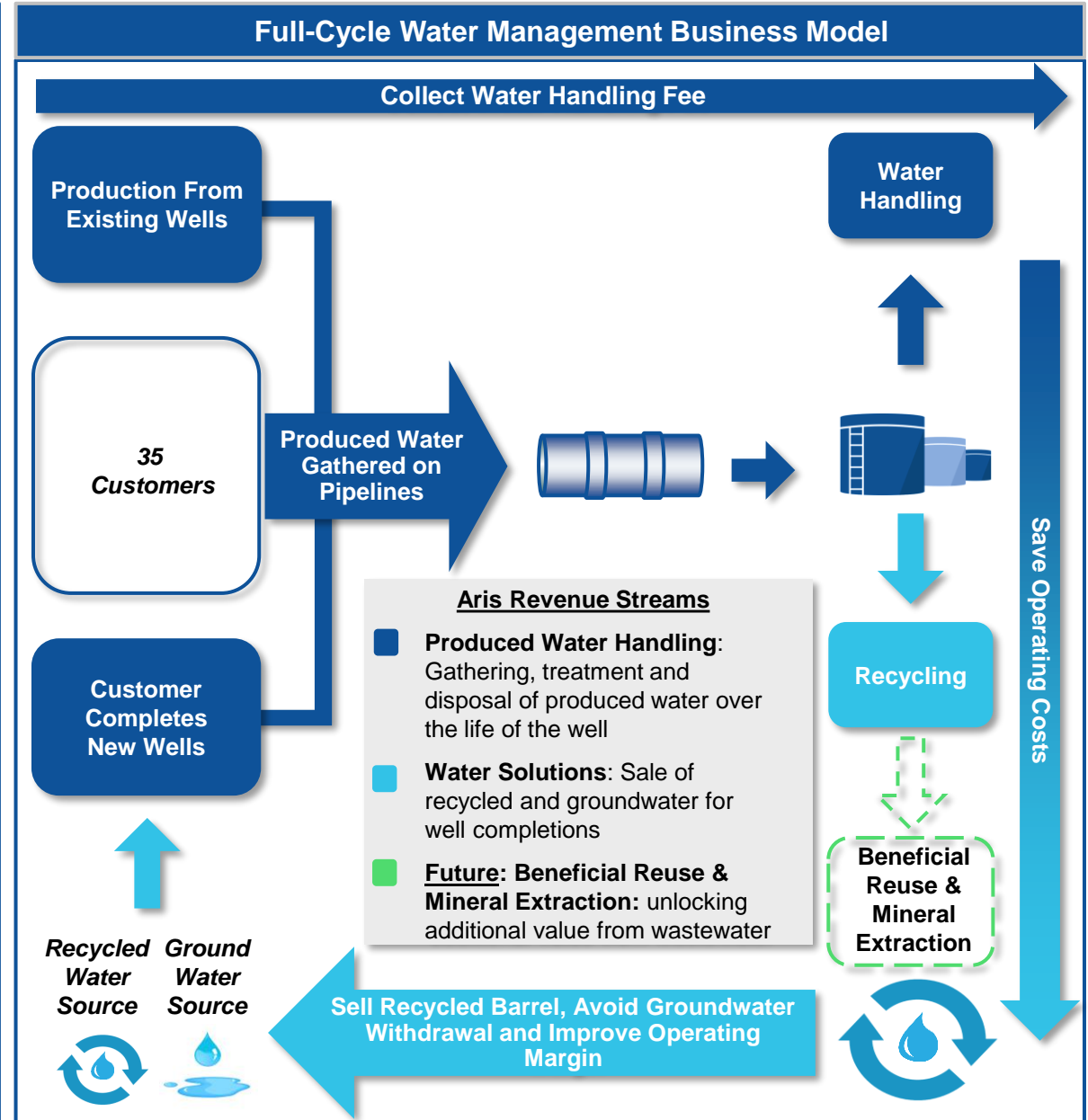
- Diverse revenue streams provide a reliable base business with significant upside potential
- Permian Basin completion activity and production growth drives demand for our services
- Customers increasingly depend on our expansive network to achieve their sustainability goals

## Commercial Advantages

- Significant contracted volumes of produced water gathered on our systems ensures reliable supply of recycled produced water
- Contracted Water Solutions relationships with our key customers provides visibility to growth

## Operational Advantages

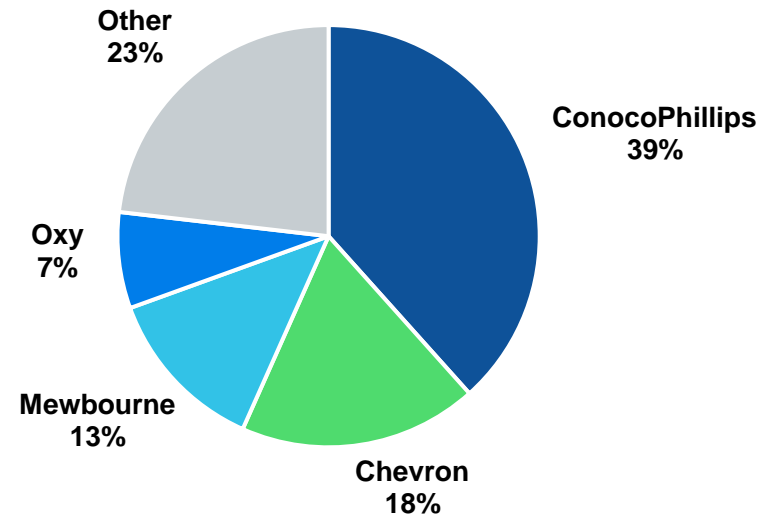
- Significant inventory of pipeline right of way, produced water handling and water recycling permits
- Prior capital investment on the gathering system enables water recycling and acts as a barrier to entry for potential competitors



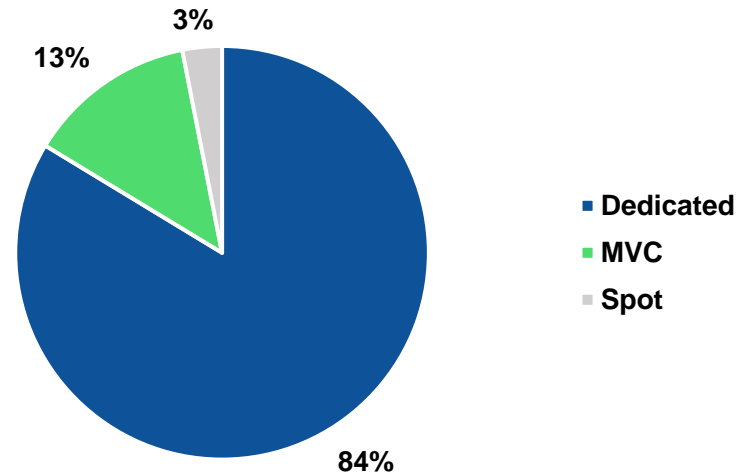
## Contractual Underpinning

- **Provider of choice for leading, blue-chip E&P operators who have been consolidating the basin**
  - Strong track record of repeat business
  - 35 long-term customers
- **~97% of 3Q 2024 Produced Water Handling volume under long-term, fee-based contracts**
  - Spot volume capacity allows for incremental system utilization and pricing
- **Long-term Contract quality provides visibility**
  - ~7.0 years average remaining contract life <sup>(1)</sup>
  - ~625,000 contracted acres
  - ~110 kbwpd of Minimum Volume Commitments (“MVC”)
- **Continuing to grow volumes under our existing contracts while evaluating new commercial opportunities with a focus on strong incremental returns**

## 3Q 2024 Top Customers by Revenue <sup>(2)</sup>



## 3Q 2024 Volumes by Contract Type <sup>(3)</sup>



(1) Represents produced water handling contracts on contracted acreage.

(2) Excludes skim oil revenue.

(3) Represents produced water handling volumes.

# Appendix: Non-GAAP Financial Measures



We have included certain financial measures that are not calculated in accordance with GAAP in this presentation including Adjusted EBITDA, Adjusted Operating Margin, Adjusted Operating Margin per Barrel, Capital Expenditures, net debt and leverage ratio. We believe these non-GAAP financial measures provide information useful to investors in assessing our financial condition, results of operations and liquidity, as well as providing investors with a means to compare our performance via an enhanced perspective of the operating performance of our assets and the cash our business is generating. However, these measures are not prescribed by GAAP and should not be considered as alternatives to GAAP net income (loss), cash paid for property, plant, and equipment, net cash provided by (used in) operating activities or any other measure calculated in accordance with GAAP. Non-GAAP financial measures have important limitations as analytical tools and should not be viewed in isolation. These measures may be defined differently by other companies in our industry and should be considered in conjunction with net income (loss) and other measures prepared in accordance with GAAP, such as operating margin, operating income, cash paid for property, plant, and equipment, or cash flows from operating activities.

We define Adjusted EBITDA as net income (loss) plus: interest expense; income taxes; depreciation, amortization and accretion expense; abandoned well costs, asset impairment and abandoned project charges; losses on the sale of assets; transaction costs; research and development expense; change in payables related to the Tax Receivable Agreement liability as a result of state tax rate changes; loss on debt modification; stock-based compensation expense; and other non-recurring or unusual expenses or charges (such as litigation expenses, severance costs and amortization expense related to the implementation costs of our new enterprise resource planning system), less any gains on the sale of assets.

The following table sets forth a reconciliation of net income as determined in accordance with GAAP to Adjusted EBITDA for the periods indicated (\$ in thousands):

	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Net income (loss)</b>	<b>\$ 6,358</b>	<b>\$ (6,617)</b>	<b>\$ 4,039</b>	<b>\$ 1,956</b>	<b>\$ 5,419</b>	<b>\$ 7,708</b>	<b>\$ 10,431</b>	<b>\$ 12,242</b>	<b>\$ 13,031</b>	<b>\$ 16,830</b>	<b>\$ 13,112</b>	<b>\$ 16,431</b>
Interest expense, net	7,618	7,785	7,315	6,763	7,322	7,661	7,971	7,955	9,266	8,438	8,813	9,382
Income tax expense (benefit)	379	(840)	472	287	605	1,327	1,559	2,032	2,576	2,589	1,994	2,499
Depreciation, amortization and accretion	15,217	16,579	16,203	16,942	17,800	18,606	19,086	19,445	19,495	19,421	19,707	19,974
Abandoned well costs	1,103	-	5,415	9,222	1,134	-	-	1,214	89	335	(25)	8
Abandoned projects	12	2	64	-	6	-	128	-	88	729	16	78
Impairment of long-lived asset	-	15,597	-	-	-	-	-	-	-	-	-	-
Loss (gain) on disposal of asset, net	50	554	24	(97)	(3)	(13)	70	(2,631)	(32)	(54)	168	(30)
Loss on Debt Modification	-	-	-	-	-	-	-	-	107	-	-	-
IPO transaction bonus	3,367	-	-	-	-	-	-	-	-	-	-	-
Transaction costs	5	508	425	336	251	45	100	528	129	7	89	(36)
Stock-based compensation	1,586	2,337	3,202	3,595	2,900	2,468	3,117	3,360	2,624	3,521	4,693	5,275
Research & development expense	-	19	81	430	161	408	650	809	1,253	1,065	1,128	408
Change in Payables related to Tax Receivable Agreement	-	-	-	-	-	-	-	-	413	-	-	-
Severance and other	-	-	-	(105)	483	(104)	(490)	(18)	269	227	300	318
<b>Adjusted EBITDA</b>	<b>\$ 35,695</b>	<b>\$ 35,924</b>	<b>\$ 37,240</b>	<b>\$ 39,329</b>	<b>\$ 36,078</b>	<b>\$ 38,106</b>	<b>\$ 42,622</b>	<b>\$ 44,936</b>	<b>\$ 49,308</b>	<b>\$ 53,108</b>	<b>\$ 49,995</b>	<b>\$ 54,307</b>

## Appendix: Non-GAAP Financial Measures (cont'd)



### *Adjusted Operating Margin and Adjusted Operating Margin per Barrel*

We define Adjusted Operating Margin as Gross Margin plus depreciation, amortization and accretion. We define Adjusted Operating Margin per Barrel as Adjusted Operating Margin divided by total volumes handled, sold or transferred.

The following table sets forth a reconciliation of gross margin as determined in accordance with GAAP to Adjusted Operating Margin and Adjusted Operating Margin per Barrel for the periods indicated (\$ in thousands):

	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Gross Margin <sup>(1)</sup></b>	\$ 27,551	\$ 27,719	\$ 29,402	\$ 29,949	\$ 26,927	\$ 29,120	\$ 33,101	\$ 35,657	\$ 39,635	\$ 44,339	\$ 41,216	\$ 45,785
Depreciation, amortization and accretion	15,217	16,579	16,203	16,942	17,800	18,606	19,086	19,445	19,495	19,421	19,707	19,974
<b>Adjusted Operating Margin</b>	<b>42,768</b>	<b>44,298</b>	<b>45,605</b>	<b>46,891</b>	<b>44,727</b>	<b>47,726</b>	<b>52,187</b>	<b>55,102</b>	<b>59,130</b>	<b>63,760</b>	<b>60,923</b>	<b>65,759</b>
Total Volumes (mmbw)	101	105	113	130	120	124	136	139	145	139	132	145
<b>Adjusted Operating Margin per Barrel</b>	<b>\$ 0.43</b>	<b>\$ 0.42</b>	<b>\$ 0.41</b>	<b>\$ 0.36</b>	<b>\$ 0.37</b>	<b>\$ 0.39</b>	<b>\$ 0.38</b>	<b>\$ 0.40</b>	<b>\$ 0.41</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>	<b>\$ 0.45</b>

(1) Gross Margin is calculated in accordance with GAAP as Total Revenue less Cost of Revenue for the applicable period.



# Appendix: Non-GAAP Financial Measures (cont'd)



## Net Debt and Leverage Ratio

We define Net Debt as principal amount of total debt less cash and cash equivalents. We define leverage ratio as Net Debt divided by trailing twelve months ("TTM") Adjusted EBITDA.

The following tables set forth a reconciliation of total debt (including unamortized debt issuance costs) as determined in accordance with GAAP to Net Debt and Leverage Ratio as of and for the periods indicated (\$ in thousands).

### As of September 30, 2024

Principal Amount of Debt	\$ 455,000
Less: Cash	(32,760)
<b>Net Debt</b>	<b>\$ 422,240</b>

### As of September 30, 2024

Net Debt	\$ 422,240
Divided by: Trailing Twelve Months Adjusted EBITDA	÷ \$ 206,718
<b>Current Leverage Ratio as of September 30, 2024:</b>	<b>2.04X</b>

# Appendix: Non-GAAP Financial Measures (cont'd)



## Capital Expenditures

We define Capital Expenditures as cash capital expenditures for property, plant, and equipment additions less changes in accrued capital costs.

The following table sets forth a reconciliation of cash paid for property, plant, and equipment as determined in accordance with GAAP to Capital Expenditures as of and for the periods indicated (\$ in thousands).

	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Cash Paid for Property, Plant and Equipment</b>	<b>\$ 11,936</b>	<b>\$ 9,810</b>	<b>\$ 38,508</b>	<b>\$ 48,673</b>	<b>\$ 49,534</b>	<b>\$ 35,315</b>	<b>\$ 42,666</b>	<b>\$ 53,893</b>	<b>\$ 37,862</b>	<b>\$ 19,582</b>	<b>\$ 37,297</b>	<b>\$ 30,322</b>
Change in Capital Related Accruals	(7,830)	16,301	13,148	21,303	(29,876)	12,659	6,422	(14,328)	(18,095)	18,134	49	(22,144)
<b>Capital Expenditures</b>	<b>\$ 4,106</b>	<b>\$ 26,111</b>	<b>\$ 51,656</b>	<b>\$ 69,976</b>	<b>\$ 19,658</b>	<b>\$ 47,974</b>	<b>\$ 49,088</b>	<b>\$ 39,565</b>	<b>\$ 19,767</b>	<b>\$ 37,716</b>	<b>\$ 37,346</b>	<b>\$ 8,178</b>



Sustainable  
Water  
Management