Aris Water Solutions, Inc. – Earnings Presentation

Fourth Quarter and Full Year 2023

Cautionary Statements

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 Israel-Hamas conflicts, macroeconomic conditions (such as inflation) and market uncertainty related thereto, legislative and regulatory developments, customer plans and preferences, 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. 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 performance 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 non-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.

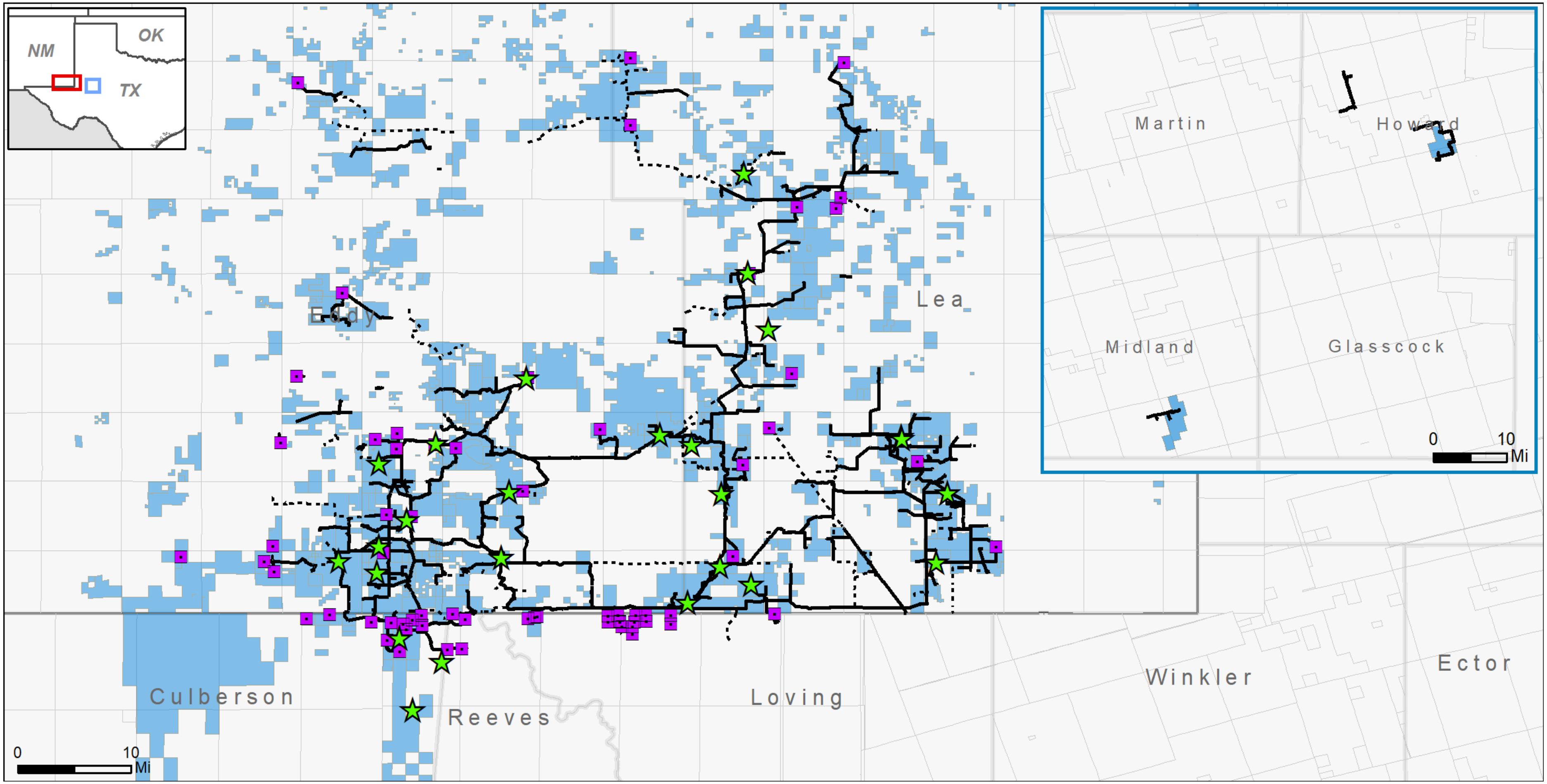
Aris Provides Essential Environmental Solutions

- ✓ **We are a leading, growth-oriented environmental water infrastructure and solutions company focused on unlocking value in complex wastewater streams**
- ✓ **We provide full-cycle, sustainable water handling and recycling solutions that mitigate the environmental footprint of energy companies**
- ✓ **We are adapting and developing technologies to treat complex water for reuse in multiple industries and are identifying high value minerals in wastewater that can be commercially extracted**

Aris embodies the circular economy reducing waste to a minimum while creating value from treating complex wastewater, helping our customers reduce their water and carbon footprints, deliver long-term benefits, and ensure more sustainable operations

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 December 31, 2023	
Miles of Pipeline	~745
Produced Water Handling Capacity	~1,750 kbwpd
Water Recycling Capacity	~1,500 kbwpd
Contracted Acres	~625,000

Fourth Quarter 2023 Highlights

Operational

- ✓ **Total water volumes of ~1.6 million** barrels per day — Up **21%** versus 4Q 2022
- ✓ **Produced Water volumes of ~1.1 million** barrels per day — Up **16%** versus 4Q 2022
- ✓ **Water Solutions volumes of ~482 thousand** barrels per day — Up **32%** versus 4Q 2022

Cost Reduction

- ✓ **~$7.6 million in annualized cost savings from electrification realized in 2023**
- ✓ **Completion of electrification initiatives and additional cost reduction efforts drive margin improvement throughout 2024**

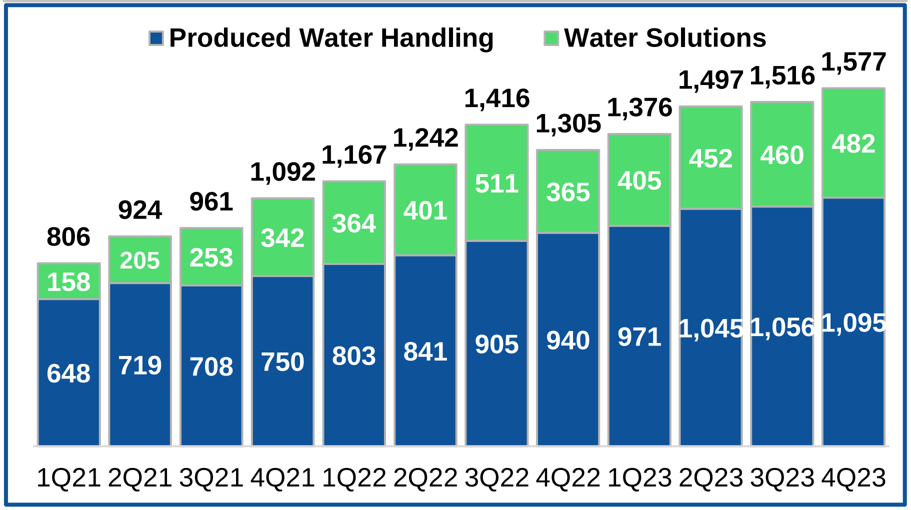
Financial

- ✓ **Revenue of $104.1 million** — Up **26%** versus 4Q 2022
- ✓ **Adjusted EBITDA** (1) **of $49.3 million** — Up **37%** versus 4Q 2022
- ✓ **Adjusted Operating Margin per Barrel** (1) **of $0.41/bbl** — Up **11%** versus 4Q 2022
- ✓ **Capital Expenditures of $19.8 million** (1) — Up **1%** versus 4Q 2022

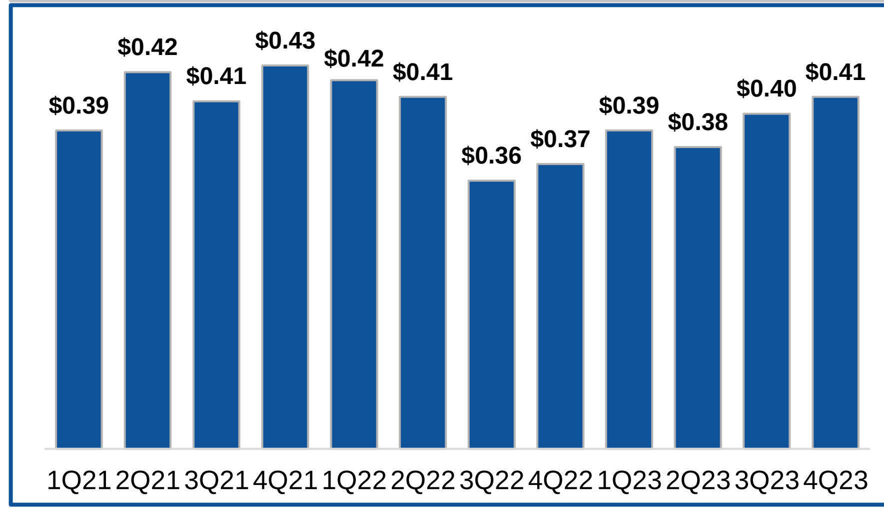
(1) Represents a non-GAAP measure. See definition and a reconciliation to the most directly comparable GAAP measure in the Appendix.

Consistent Performance Throughout 2023: Key Operating and Performance Metrics

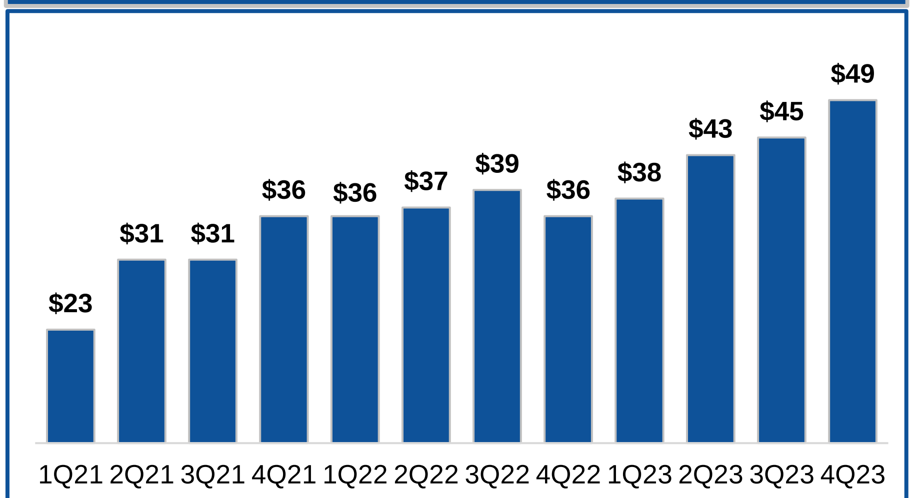
Volume Profile (1) (kbwpd)



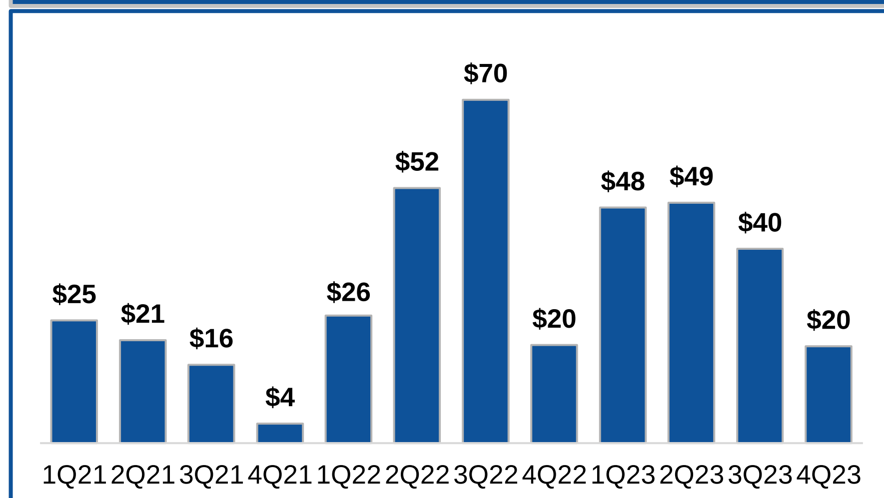
Adjusted Operating Margin (2) ($/bbl)



Adjusted EBITDA (2) ($ million)



CAPEX (2) ($ 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.

2023 Lookback: Delivering on our Commitments

2023 Highlights

✓ **16% volumetric growth alongside long-term contracted customers in premier acreage**

- Multi-decade remaining inventory supporting long term investments

✓ **Significant recapture of margins following 2022 inflationary pressure**

- $0.05/bbl improvement in adjusted operating margin per barrel[1] since 3Q22
- ~$7.6 million in annualized electrification cost-out

✓ **Improved business processes, visibility and predictability**

- Met business milestones ahead of schedule and exceeded public guidance
- ~$44.0 million working capital benefit driven by improved collections timing

✓ **Enhanced efficiencies and returns on invested capital through improvements in system optimization and planning**

Metric	Initial 2023 Guidance	Full Year 2023 Actuals (vs. Initial Midpoint)
Produced Water Volumes (kbwpd)	1,010 – 1,040	✓ 1,042 (~+2%)
Solutions Volumes (kbwpd)	375 – 395	✓ 450 (~+17%)
Adj. Op. [1] Margin ($/bbl)	$0.38 – 0.41	✓ $0.39
Adj. EBITDA [1] ($ million)	$150 – 170	✓ $175 (+9%)
CAPEX [1] ($ million)	$140 – 155	- $156 (+5%)
Electrification Cost-Out ($ million/yr)	~$7.5 million annual savings	✓ $7.6 million annual savings
Accounts Receivable Days	~50% Reduction vs. 2022	

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

2024 First Quarter and Full Year Outlook

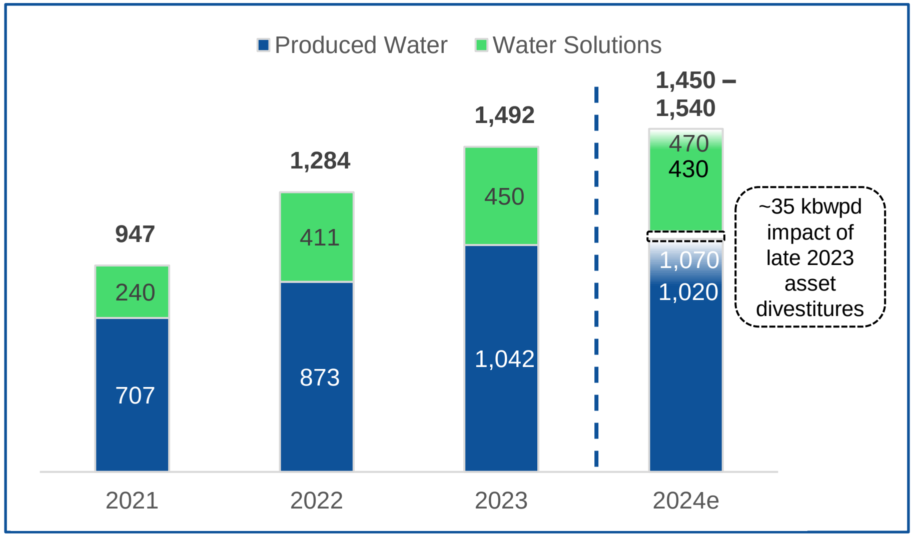
- **Continuing to grow with our customers alongside Northern Delaware Basin production growth; forecasting volume growth of ~2 - 5% adjusting for 2023 asset divestitures**
- **Margin momentum from 2023 continues driven by further electrification progress, additional cost-out initiatives, and revenue escalation clauses in long-term contracts**
- **~40% reduction in capital expenditures as Aris more fully leverages its existing asset footprint**

	First Quarter 2024		Full Year 2024	
Metric	**Low End**	**High End**	**Low End**	**High End**
Produced Water Handling Volumes (kbwpd)	1,075	1,105	1,020	1,070
Water Solutions Volumes (kbwpd)	325	345	430	470
Adjusted Operating Margin per Barrel [(1)] ($ / Total Volumes)	$0.42	$0.44	$0.42	$0.44
Adjusted EBITDA [(1)] ($ million)	**$43.0**	**$47.0**	**$180.0**	**$200.0**
Growth Capital Expenditures ($ million)			$73.0	$89.0
Asset Integrity & Maintenance Capital Expenditures ($ million)			$12.0	$16.0
Total Capital Expenditures ($ million) [(1)]	**$30.0**	**$35.0**	**$85.0**	**$105.0**

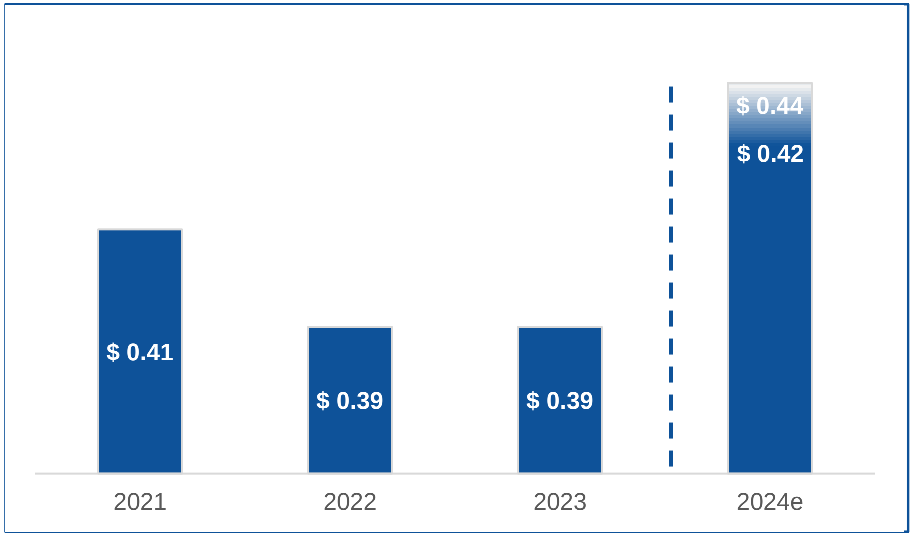
(1) Represents a non-GAAP measure. See definition and a reconciliation to the most directly comparable GAAP measure in the Appendix.

2024 Outlook: Margin Momentum & Step Change in CAPEX Drives Cash Generation

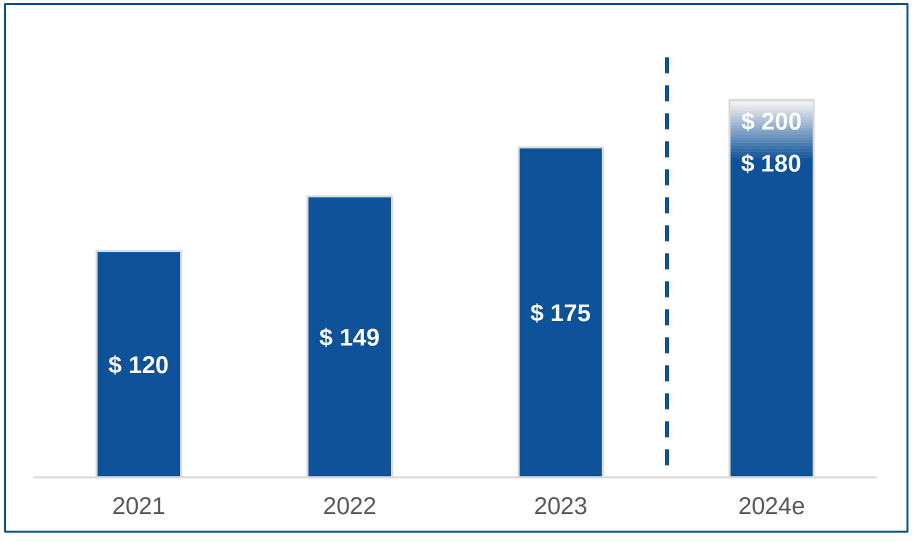
Volumes (kbwpd)



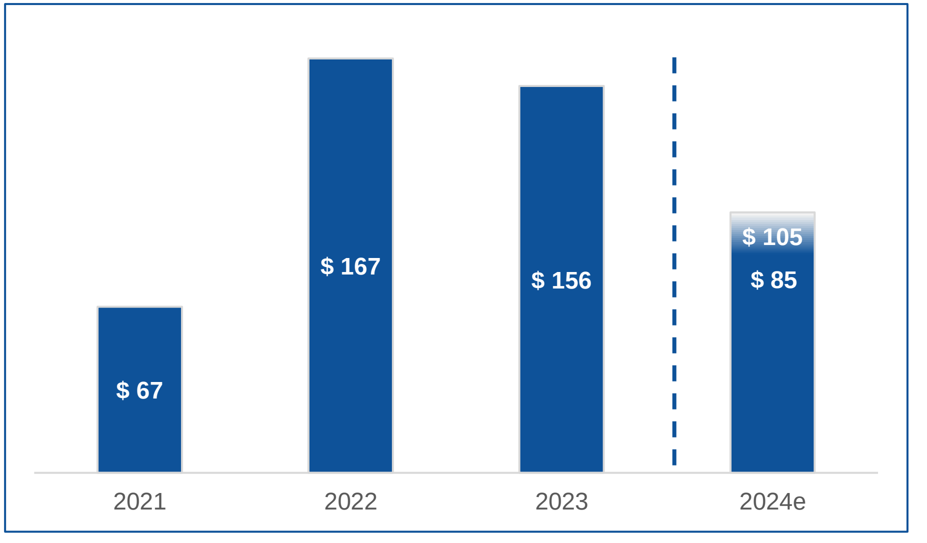
Adj. Operating Margin ($ / bbl) (1)



Adjusted EBITDA ($ million) (1)



Capital Expenditures ($ million) (1)



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

Capital Allocation Framework, Leverage and Liquidity

Aris's Capital Allocation Framework

- **Balance Sheet Management**
  - 4Q23 leverage at ~2.4X (1) vs. leverage target range of 2.50X - 3.50X
- **High-Return Organic Growth**
  - Attractive capital investment opportunities to grow alongside existing customers
  - Opportunity to selectively add new customers with incremental capital
- **Opportunistic, Strategic Acquisitions & Divestitures, & Bolt-On Customer Connections**
  - Divestiture of non-core assets allows for capital redeployment into higher return organic projects
  - Disciplined and rigorous evaluation of acquisitions
  - Key focus on strategic fit, technology & expertise, financial returns and customer quality
- **Return Capital to Shareholders**
  - Announced a tenth consecutive dividend of $0.09/share for 1Q24

Operating Cash Flow

(-) Interest Expense

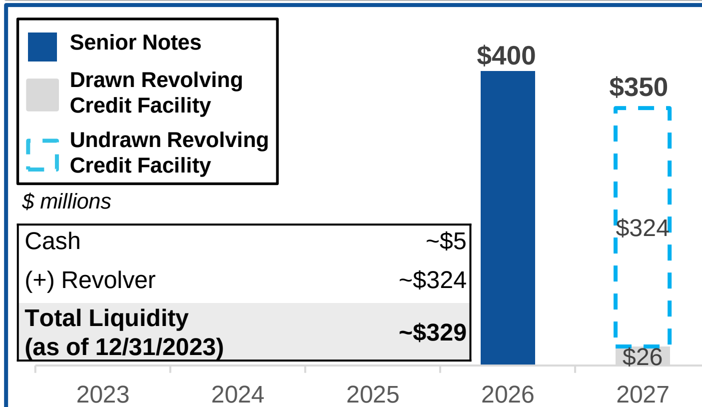
(-) Maintenance Capital

EXCESS CASH FLOW

Organic Growth	Return of Capital	Balance Sheet
High-Return Growth Capital	Dividends Share Repurchases	Cash to Balance Sheet and/or Debt Paydown

Strategic M&A

No Near-Term Maturities and Increased Liquidity (2)



$ millions

Cash	~$5
(+) Revolver	~$324
Total Liquidity (as of 12/31/2023)	**~$329**

(1) Represents a non-GAAP measure. Defined as net debt as of 12/31/2023 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.

(2) Reflects Aris's amended and restated credit agreement executed on October 12, 2023.

Unlocking Additional Value From Our Water: Beneficial Reuse & Mineral Extraction

Beneficial Reuse

- **Aris, ConocoPhillips, Chevron, and ExxonMobil have successfully completed the first of three desalination technology pilots**
  - Treated water to a high-quality level capable of being utilized in a variety of different applications
  - Trials scheduled to conclude by 3Q24
- **Aris's project alongside the Department of Energy is progressing**
  - Study is in collaboration with Texas A&M's Agrilife Center and New Mexico State University
  - Evaluating the use of treated produced water on crop growth as well as the ability to sequester carbon within both the crops and soil
- **Commencing testing with the National Alliance for Water Innovation to evaluate membrane desalination technologies**
- **New Mexico Governor Michelle Lujan Grisham recently announced plans for up to a $500 million investment to purchase treated produced and brackish water to build the New Mexico strategic water supply**

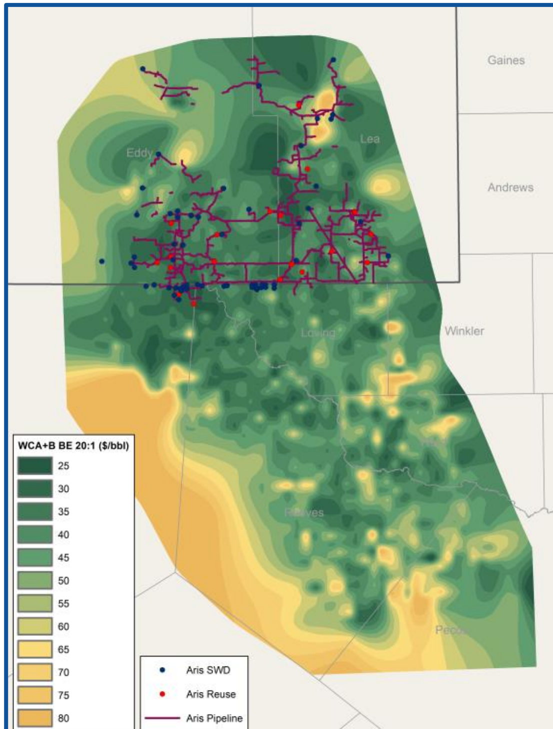
Mineral Extraction: Evaluating Recovery of Constituents

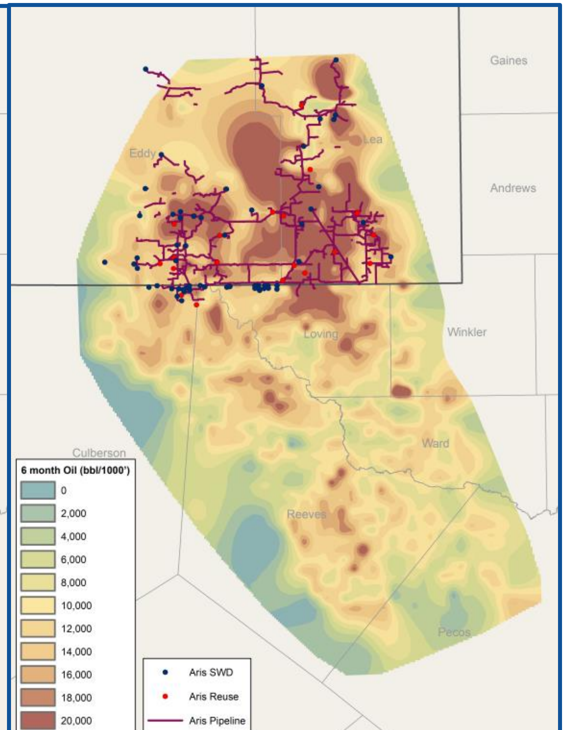
Commodity / Mineral	Sample Markets
Lithium	Batteries; ceramics and glass; lubricating greases; metallurgy
Magnesium	Aluminum & other metal alloys; die castings; metal refining
Calcium	De-icing; road construction; Oil & Gas, concrete; pulp and paper; food processing and agriculture; Carbon Capture
Strontium	Magnets (used in electronics, wind turbines, and medical imaging); pyrotechnics; paints and coatings
Bromine	Flame retardants; drilling/completion fluids; batteries; industrial water treatment
Iodine	X-rays; LCD polarizing film; iodine tablets; animal feed; biocides; nylon; plastic production

Appendix

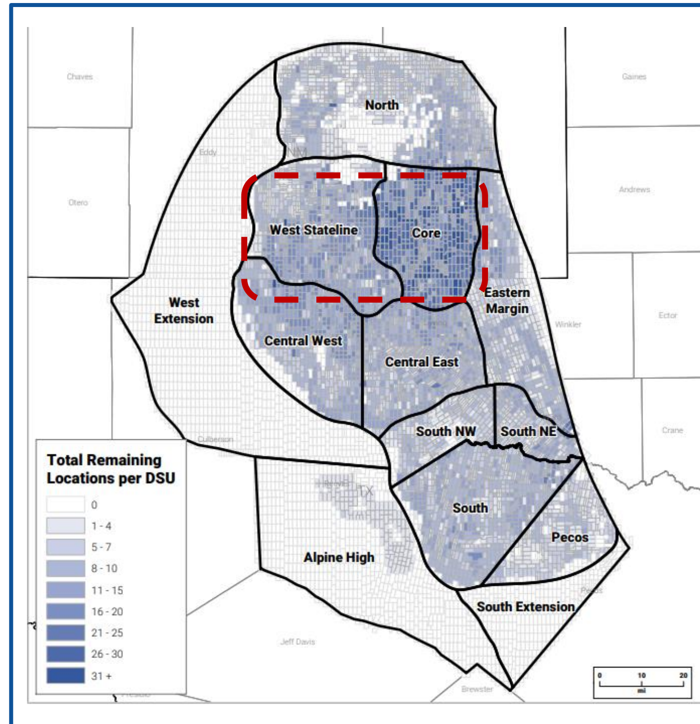
Aris's Contracted Acreage Features Low Breakevens and Multidecade Inventory Life

Aris has Premier Contracted Acreage With Low Breakevens…





… and Multidecade Remaining Inventory



Sources: Enverus, Investment Banking Research, Equity Research.

Sustainability Highlights

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 (1)

Environmental

- Scope 1 intensity decreased **27%**
- Our infrastructure provides a low-carbon water transportation option for operators
- Volume of water recycled increased **144%**

Social

- Minorities make up **53%** of employees and women make up **11%**
- **73%** decrease in Total Recordable Incident Rate (TRIR) for employees
- **20%** decrease in Days Away, Restricted of Transferred (DART) for employees

Governance (2)

- Women make up **25%** of the executive team, and minorities make up **25%**
- Our board of directors is comprised **22%** of women and **22%** of minorities
- **67%** of board is independent

2022 Sustainability Report

Aris published its second annual Sustainability Report on key Environmental, Social, and Governance metrics in 3Q 2023

(1) Statistics are annual for 2022 unless percentage change, which is the year 2022 vs. 2021. Personnel statistics as of 12/31/2022.
(2) Statistics for Board of Director are as of 12/31/2023.

Aris Water is the Pioneer of Cost-Effective, Full-Cycle Water Management

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

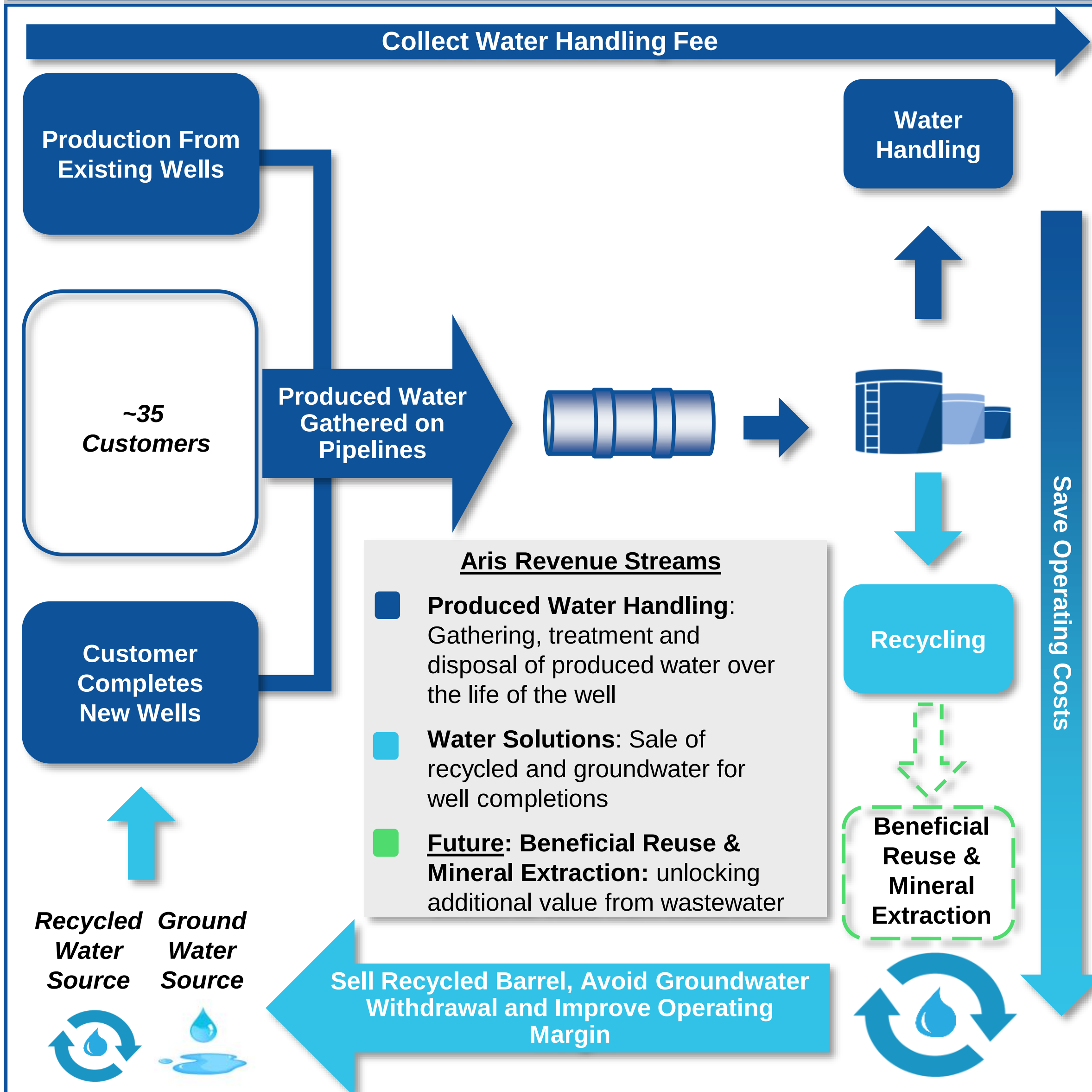
Commercial Advantages

- 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

Full-Cycle Water Management Business Model

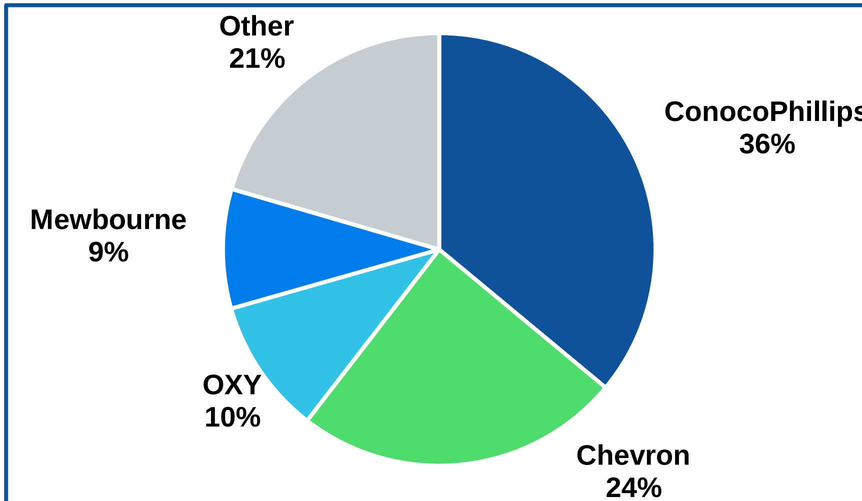


Aris Has a Premier, Long-Term Contracted Customer Base

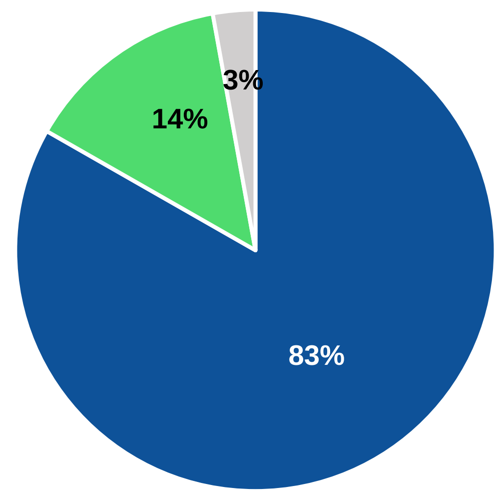
Contractual Underpinning

- **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 4Q 2023 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**
  - ~7.8 years average remaining contract life (1)
  - >625,000 contracted acres
  - ~130 kbwpd of Minimum Volume Commitments (“MVC”)
- **Evaluating new commercial opportunities with a focus on strong incremental returns**

4Q 2023 Top Customers by Revenue (2)



4Q 2023 Volumes by Contract Type (3)



- Dedicated
- MVC
- Spot

(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; loss on debt modification; stock-based compensation expense; research and development expense; change in Payables related to the Tax Receivable Agreement liability as a result of state tax rate changes; and other non-recurring or unusual expenses or charges (such as temporary power costs, litigation expenses and severance costs), 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):

	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Net income (loss)	**$ 2,815**	**$ 4,561**	**$ (20,743)**	**$ 6,358**	**$ (6,617)**	**$ 4,039**	**$ 1,956**	**$ 5,419**	**$ 7,708**	**$ 10,431**	**$ 12,242**	**$ 13,031**
Interest expense, net	2,651	7,324	7,880	7,618	7,785	7,315	6,763	7,322	7,661	7,971	7,955	9,266
Income tax expense (benefit)	-	2	(83)	379	(840)	472	287	605	1,327	1,559	2,032	2,576
Depreciation, amortization and accretion	14,957	15,215	15,378	15,217	16,579	16,203	16,942	17,800	18,606	19,086	19,445	19,495
Abandoned well costs	-	-	27,402	1,103	-	5,415	9,222	1,134	-	-	1,214	89
Abandoned projects	211	1,145	679	12	2	64	-	6	-	128	-	88
Temporary power costs (1)	2,650	1,603	-	-	-	-	-	-	-	-	-	-
Impairment of long-lived asset	-	-	-	-	15,597	-	-	-	-	-	-	-
Other non-operating expense	-	380	-	-	-	-	-	-	-	-	-	-
Loss (gain) on disposal of asset, net	44	173	8	50	554	24	(97)	(3)	(13)	70	(2,631)	(32)
Loss on Debt Modification	-	-	-	-	-	-	-	-	-	-	-	107
IPO transaction bonus	-	-	-	3,367	-	-	-	-	-	-	-	-
Transaction costs	62	15	253	5	508	425	336	251	45	100	528	129
Stock-based compensation	-	-	-	1,586	2,337	3,202	3,595	2,900	2,468	3,117	3,360	2,624
Research & development expense	-	-	-	-	19	81	430	161	408	650	809	1,253
Change in Payables related to Tax Receivable Agreement Liability	-	-	-	-	-	-	-	-	-	-	-	413
Severance and other	-	221	-	-	-	-	(105)	483	(104)	(490)	(18)	269
Adjusted EBITDA	**$ 23,390**	**$ 30,639**	**$ 30,774**	**$ 35,695**	**$ 35,924**	**$ 37,240**	**$ 39,329**	**$ 36,078**	**$ 38,106**	**$ 42,622**	**$ 44,936**	**$ 49,308**

(1) In the past, we constructed assets in advance of permanent grid power infrastructure availability to secure long-term produced water handling contracts. As a result, we rented temporary power generation equipment at our produced water handling facilities that would not be necessary if grid power connections were available. Our estimated incremental impact of these temporary power expenses are calculated by taking temporary power and temporary rental expenses incurred during the period and subtracting estimated expenses that would have been incurred during such period had permanent grid power been available. Power infrastructure and permanent power availability rapidly expanded in the Permian Basin in 2020 and through the first half of 2021, and accordingly, we made significant progress in reducing these expenses. Our temporary power expenses at our produced water handling facilities were substantially eliminated by the end of the second quarter of 2021.

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 and temporary power costs. 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):

	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Gross Margin [(1)]	**$ 10,478**	**$ 18,917**	**$ 20,624**	**$ 27,551**	**$ 27,719**	**$ 29,402**	**$ 29,949**	**$ 26,927**	**$ 29,120**	**$ 33,101**	**$ 35,657**	**$ 39,635**
Temporary power costs [(2)]	2,650	1,603	-	-	-	-	-	-	-	-	-	-
Depreciation, amortization and accretion	14,957	15,215	15,378	15,217	16,579	16,203	16,942	17,800	18,606	19,086	19,445	19,495
Adjusted Operating Margin	**28,085**	**35,735**	**36,002**	**42,768**	**44,298**	**45,605**	**46,891**	**44,727**	**47,726**	**52,187**	**55,102**	**59,130**
Total Volumes (mmbw)	73	84	88	101	105	113	130	120	124	136	139	145
Adjusted Operating Margin per Barrel	**$ 0.39**	**$ 0.42**	**$ 0.41**	**$ 0.43**	**$ 0.42**	**$ 0.41**	**$ 0.36**	**$ 0.37**	**$ 0.39**	**$ 0.38**	**$ 0.40**	**$ 0.41**

(1) Gross Margin is calculated in accordance with GAAP as Total Revenue less Cost of Revenue for the applicable period.
(2) In the past, we constructed assets in advance of permanent grid power infrastructure availability to secure long-term produced water handling contracts. As a result, we rented temporary power generation equipment at our produced water handling facilities that would not be necessary if grid power connections were available. Our estimated incremental impact of these temporary power expenses are calculated by taking temporary power and temporary rental expenses incurred during the period and subtracting estimated expenses that would have been incurred during such period had permanent grid power been available. Power infrastructure and permanent power availability rapidly expanded in the Permian Basin in 2020 and through the first half of 2021, and accordingly, we made significant progress in reducing these expenses. Our temporary power expenses at our produced water handling facilities were substantially eliminated by the end of the second quarter of 2021.

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 December 31, 2023
Principal Amount of Debt	$ 431,463
Less: Cash	(5,063)
Net Debt	**$ 426,400**

	As of December 31, 2023
Net Debt	$ 426,400
Divided by: Trailing Twelve Months Adjusted EBITDA	÷ $ 174,972
Current Leverage Ratio as of December 31, 2023:	**2.4X**

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).

	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Cash Paid for Property, Plant and Equipment	**$ 20,326**	**$ 22,027**	**$ 20,375**	**$ 11,936**	**$ 9,810**	**$ 38,508**	**$ 48,673**	**$ 49,534**	**$ 35,315**	**$ 42,666**	**$ 53,893**	**$ 37,862**
Change in Capital Related Accruals	4,855	(663)	(4,023)	(7,830)	16,301	13,148	21,303	(29,876)	12,659	6,422	(14,328)	(18,095)
Capital Expenditures	**$ 25,181**	**$ 21,364**	**$ 16,352**	**$ 4,106**	**$ 26,111**	**$ 51,656**	**$ 69,976**	**$ 19,658**	**$ 47,974**	**$ 49,088**	**$ 39,565**	**$ 19,767**

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