



Solaris Oilfield Infrastructure Announces Third Quarter 2022 Results

October 31, 2022

Third Quarter 2022 Highlights

- Net income of \$11.5 million, or \$0.22 per diluted Class A share, for the quarter ended September 30, 2022; Adjusted pro forma net income of \$11.1 million, or \$0.24 per fully diluted share for the quarter ended September 30, 2022
- Adjusted EBITDA of \$23.9 million for the quarter ended September 30, 2022
- Paid a regular quarterly dividend of \$0.105 per share on September 14, 2022, Solaris' 16th consecutive quarterly dividend; \$107 million cumulatively returned to shareholders through dividends and share buybacks since 2018
- Increased deployments of Solaris' new top fill technology across multiple basins

HOUSTON--(BUSINESS WIRE)-- Solaris Oilfield Infrastructure, Inc. (NYSE:SOI) ("Solaris" or the "Company"), a leading provider of supply chain management and logistics solutions designed to drive efficiencies and reduce costs for the oil and natural gas industry, today reported financial results for the third quarter 2022.

Operational Update and Outlook

During the third quarter of 2022, an average of 94 mobile proppant management systems were fully utilized, which was up 12% from average second quarter 2022 levels.

"The Solaris team executed on another strong quarter of growth, while maintaining a healthy balance sheet and continuing to return cash to shareholders," Solaris' Chairman and Chief Executive Officer Bill Zartler commented. "Throughout 2022, the success of our new top fill solutions has helped us grow with both new and existing customers. The new technology has



Third Quarter 2022 Financial Review

Solaris reported net income of \$11.5 million, or \$0.22 per diluted Class A share, for third quarter 2022, compared to second quarter 2022 net income of \$8.3 million, or \$0.16 per diluted Class A share. Adjusted pro forma net income for third quarter 2022 was \$11.1 million, or \$0.24 per fully diluted share, compared to second quarter 2022 adjusted pro forma net income of \$9.4 million, or \$0.20 per fully diluted share. A description of adjusted pro forma net income and a reconciliation to net income attributable to Solaris, its most directly comparable generally accepted accounting principles (“GAAP”) measure, and the computation of adjusted pro forma earnings per fully diluted share are provided below.

Revenues were \$92.3 million for third quarter 2022, which were up 6% from second quarter 2022, driven by an increase in systems deployed and contribution from new technologies, partially offset by a reduction in last mile trucking logistics activity.

Adjusted EBITDA for third quarter 2022 was \$23.9 million, which was up 14% from second quarter 2022. The increase in Adjusted EBITDA was driven by an increase in the number of fully utilized systems and contribution from new technologies, partially offset by lower last mile logistics activity and profitability mix, and start up costs associated with the ramp in new technologies and expansion into growth basins. A description of Adjusted EBITDA and a reconciliation to net income, its most directly comparable GAAP measure, is provided below.

Capital Expenditures, Free Cash Flow and Liquidity

Capital expenditures in the third quarter 2022 were \$27.2 million. The Company expects total capital expenditures in the fourth quarter 2022 to be between \$15 million and \$20 million, including investments in new technology deployments. Based on the success of the Solaris top fill deployments and strong indicators for incremental demand, the Company is providing initial guidance for total 2023 capital expenditures to be approximately \$75 million, inclusive of \$10 million to \$15 million for maintenance capital expenditures.

Free cash flow (defined as net cash provided by operating activities less investment in property, plant and equipment) during third quarter 2022 was \$(5.7) million and reflects increased capital expenditures and working capital use of \$(2.6) million to support growth. Distributable cash flow (defined as Adjusted EBITDA less maintenance capital expenditures) was



balance sheet. The Company has zero million in borrowings outstanding on the credit facility, and total liquidity, including availability under the credit facility, was \$54.4 million as of the end of the third quarter 2022.

Shareholder Returns

On August 22, 2022, the Company's Board of Directors declared a cash dividend of \$0.105 per share of Class A common stock, which was paid on September 16, 2022 to holders of record as of September 6, 2022. A distribution of \$0.105 per unit was also approved for holders of units in Solaris Oilfield Infrastructure, LLC ("Solaris LLC"). Since initiating the dividend in December 2018, the Company has paid 16 consecutive quarterly dividends. Cumulatively, the Company has returned approximately \$107 million in cash to shareholders through dividends and share repurchases since December 2018.

Conference Call

The Company will host a conference call to discuss its third quarter 2022 results on Tuesday, November 1, 2022 at 8:00 a.m. Central Time (9:00 a.m. Eastern Time). To join the conference call from within the United States, participants may dial (844) 413-3978. To join the conference call from outside of the United States, participants may dial (412) 317-6594. When instructed, please ask the operator to be joined to the Solaris Oilfield Infrastructure, Inc. call. Participants are encouraged to log in to the webcast or dial in to the conference call approximately ten minutes prior to the start time. To listen via live webcast, please visit the Investor Relations section of the Company's website at <http://www.solarisoilfield.com>.

An audio replay of the conference call will be available shortly after the conclusion of the call and will remain available for approximately seven days. It can be accessed by dialing (877) 344-7529 within the United States or (412) 317-0088 outside of the United States. The conference call replay access code is 2240232. The replay will also be available in the Investor Relations section of the Company's website shortly after the conclusion of the call and will remain available for approximately seven days.

About Solaris Oilfield Infrastructure, Inc.

Solaris Oilfield Infrastructure, Inc. (NYSE:SOI) provides mobile equipment that drives supply chain and execution efficiencies in the completion of oil and natural gas wells. Solaris' patented



We use our website (www.solarisoilfield.com) as a routine channel of distribution of company information, including news releases, analyst presentations, and supplemental financial information, as a means of disclosing material non-public information and for complying with our disclosure obligations under the U.S. Securities and Exchange Commission's (the "SEC") Regulation FD. Accordingly, investors should monitor our website in addition to following press releases, SEC filings and public conference calls and webcasts. Additionally, we provide notifications of news or announcements on our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts.

None of the information provided on our website, in our press releases, public conference calls and webcasts, or through social media channels is incorporated by reference into, or deemed to be a part of, this press release or will be incorporated by reference into any report or document we file with the SEC unless we expressly incorporate any such information by reference, and any references to our website are intended to be inactive textual references only.

Forward Looking Statements

This press release contains 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, our business strategy, our industry, our future profitability, the various risks and uncertainties associated with the extraordinary market environment and impacts resulting from the volatility in global oil markets and the COVID-19 pandemic, expected capital expenditures and the impact of such expenditures on performance, management changes, current and potential future long-term contracts and our future business and financial performance. 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 by the forward-looking statements. 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 the factors discussed or referenced in our filings made from time to time with the SEC. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Factors or events that could cause our actual results to



SOLARIS OILFIELD INFRASTRUCTURE, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|---------|----------|-------------------|---------|
| | September 30, | | June 30, | September 30, | |
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Revenue | 89,376 | 46,390 | 81,130 | 222,342 | 104,139 |
| Revenue - related parties | 2,949 | 2,987 | 5,581 | 13,609 | 9,101 |
| Total revenue | 92,325 | 49,377 | 86,711 | 235,951 | 113,240 |
| Operating costs and expenses: | | | | | |
| Cost of services (excluding depreciation and amortization) | 64,171 | 38,460 | 61,237 | 163,079 | 82,816 |
| Depreciation and amortization | 7,716 | 6,842 | 7,132 | 21,777 | 20,288 |
| Property tax contingency (1) | — | — | 3,072 | 3,072 | — |
| Selling, general and administrative | 5,929 | 4,760 | 6,062 | 17,202 | 14,326 |
| Other operating (income) expenses (2) | 524 | (2,690) | (1,114) | (899) | (2,074) |
| Total operating costs and expenses | 78,340 | 47,372 | 76,389 | 204,231 | 115,356 |
| Operating income (loss) | 13,985 | 2,005 | 10,322 | 31,720 | (2,116) |
| Interest expense, net | (141) | (66) | (88) | (308) | (170) |
| Total other expense | (141) | (66) | (88) | (308) | (170) |
| Income (loss) before income tax expense | 13,844 | 1,939 | 10,234 | 31,412 | (2,286) |
| Provision for income taxes | 2,332 | 507 | 1,945 | 5,889 | 77 |



Solaris

| | | | | | |
|---|---------|---------|---------|---------|-----------|
| Earnings per share of Class A common stock - basic | \$ 0.22 | \$ 0.03 | \$ 0.16 | \$ 0.49 | \$ (0.06) |
| Earnings per share of Class A common stock - diluted | \$ 0.22 | \$ 0.03 | \$ 0.16 | \$ 0.49 | \$ (0.06) |
| Basic weighted average shares of Class A common stock outstanding | 31,599 | 31,058 | 31,432 | 31,425 | 30,671 |
| Diluted weighted average shares of Class A common stock outstanding | 31,599 | 31,058 | 31,432 | 31,425 | 30,671 |

1)Property tax contingency represents a reserve related to an unfavorable Texas District Court ruling related to prior period property taxes. The ruling is currently under appeal.

2)Other (income) expense include the sale or disposal of assets, settlements of insurance claims, change in payable related to Tax Receivable Agreement, credit losses or recoveries, and transaction costs.

SOLARIS OILFIELD INFRASTRUCTURE, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------------------|----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,433 | \$ 36,497 |
| Accounts receivable, net of allowances for credit losses of \$385 and \$746, respectively | 68,496 | 29,513 |
| Accounts receivable - related party | 2,596 | 3,607 |



| | | |
|-------------------------------------|------------|------------|
| Property, plant and equipment, net | 204,915 | 240,091 |
| Non-current inventories | 2,249 | 2,676 |
| Operating lease right-of-use assets | 4,213 | 4,182 |
| Goodwill | 13,004 | 13,004 |
| Intangible assets, net | 1,619 | 2,203 |
| Deferred tax assets | 58,148 | 62,942 |
| Other assets | 295 | 57 |
| Total assets | \$ 460,129 | \$ 406,223 |

Liabilities and Stockholders' Equity

Current liabilities:

| | | |
|---|-----------|----------|
| Accounts payable | \$ 26,079 | \$ 9,927 |
| Accrued liabilities | 30,147 | 16,918 |
| Current portion of payables related to Tax Receivable Agreement | 1,210 | 1,210 |
| Current portion of operating lease liabilities | 886 | 717 |
| Current portion of finance lease liabilities | 1,222 | 31 |
| Other current liabilities | 1,301 | 496 |
| Total current liabilities | 60,845 | 29,299 |
| Operating lease liabilities, net of current | 6,410 | 6,702 |
| Credit agreement | 6,000 | — |
| Finance lease liabilities, net of current | 2,331 | 70 |
| Payables related to Tax Receivable Agreement | 71,422 | 71,892 |
| Other long-term liabilities | 372 | 384 |
| Total liabilities | 147,380 | 108,347 |

Stockholders' equity:

| | | |
|---|-----|-----|
| Preferred stock, \$0.01 par value, 50,000 shares authorized, none issued and outstanding | — | — |
| Class A common stock, \$0.01 par value, 600,000 shares authorized, 31,638 shares issued and outstanding as of September 30, 2022 and 31,146 shares issued and outstanding as of December 31, 2021 | 316 | 312 |



| | | |
|--|------------|------------|
| Retained earnings | 11,509 | 5,925 |
| Total stockholders' equity attributable to Solaris and members' equity | 213,545 | 203,149 |
| Non-controlling interest | 99,204 | 94,727 |
| Total stockholders' equity | 312,749 | 297,876 |
| Total liabilities and stockholders' equity | \$ 460,129 | \$ 406,223 |

SOLARIS OILFIELD INFRASTRUCTURE, INC AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

| | Nine Months Ended September 30, | | Three Months Ended September 30, |
|---|--|-------------|---|
| | 2022 | 2021 | 2022 |
| Cash flows from operating activities: | | | |
| Net (loss) income | \$ 25,523 | \$ (2,363) | \$ 11,512 |
| Adjustment to reconcile net (loss) income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 21,777 | 20,288 | 7,716 |
| Loss on disposal of asset | 1,307 | 113 | 1,346 |
| Stock-based compensation | 4,665 | 3,907 | 1,553 |
| Amortization of debt issuance costs | 127 | 132 | 29 |
| Allowance for credit losses | (420) | 630 | (32) |
| Change in payables related to Tax Receivable Agreement | (654) | — | — |
| Deferred income tax expense (benefit) | 5,143 | (273) | 2,042 |
| Other | (178) | (153) | — |
| Changes in assets and liabilities: | | | |



| | | | |
|---|-----------|-----------|-----------|
| INVESTMENTS | (7,777) | (7,477) | (7,207) |
| Accounts payable | 12,569 | 7,076 | 4,667 |
| Accrued liabilities | 10,305 | 6,167 | 304 |
| Property tax contingency (1) | 3,072 | — | — |
| Net cash provided by operating activities | 43,912 | 11,697 | 21,518 |
| Cash flows from investing activities: | | | |
| Investment in property, plant and equipment | (59,527) | (13,702) | (27,201) |
| Cash received from insurance proceeds | 1,308 | 35 | 448 |
| Proceeds from disposal of assets | 422 | 42 | 365 |
| Net cash used in investing activities | (57,797) | (13,625) | (26,388) |
| Cash flows from financing activities: | | | |
| Distribution and dividend paid to Solaris LLC unitholders and Class A common shareholders | (14,675) | (14,400) | (4,898) |
| Borrowings under the credit agreement | 9,000 | — | 9,000 |
| Repayment of the credit agreement | (3,000) | — | (3,000) |
| Payments under finance leases | (1,100) | (23) | (533) |
| Payments under insurance premium financing | (946) | (410) | (524) |
| Proceeds from stock option exercises | — | 12 | — |
| Payments related to debt issuance costs | (358) | — | — |
| Payments for shares withheld for taxes from RSU vesting and cancelled | (1,100) | (786) | (93) |
| Net cash used in financing activities | (12,179) | (15,607) | (48) |
| Net decrease in cash and cash equivalents | (26,064) | (17,535) | (4,918) |
| Cash and cash equivalents at beginning of period | 36,497 | 60,366 | 15,351 |
| Cash and cash equivalents at end of period | \$ 10,433 | \$ 42,831 | \$ 10,433 |
| Non-cash activities | | | |
| Operating: | | | |
| Employee retention credit | \$ — | \$ 1,900 | \$ — |
| Investing: | | | |



at period-end

| | | | |
|--|-------|-----|-------|
| Property, plant and equipment additions transferred from inventory | 1,210 | 958 | 152 |
| Additions to fixed assets through finance leases | 4,554 | — | 2,287 |
| Financing: | | | |
| Insurance premium financing | 806 | 410 | 806 |
| Cash paid for: | | | |
| Interest | 102 | 99 | 65 |
| Income taxes | 370 | 325 | — |

1)Property tax contingency represents a reserve related to an unfavorable Texas District Court ruling related to prior period property taxes. The ruling is currently under appeal.

SOLARIS OILFIELD INFRASTRUCTURE, INC AND SUBSIDIARIES
RECONCILIATION AND CALCULATION OF NON-GAAP FINANCIAL AND OPERATIONAL
MEASURES
(In thousands)
(Unaudited)

EBITDA AND ADJUSTED EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus (i) depreciation and amortization expense, (ii) interest expense and (iii) income tax expense, including franchise taxes. We define Adjusted EBITDA as EBITDA plus (i) stock-based compensation expense and (ii) certain non-cash items and extraordinary, unusual or non-recurring gains, losses or expenses.

We believe that our presentation of EBITDA and Adjusted EBITDA provides useful information to investors in assessing our financial condition and results of operations. Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA should not be considered alternatives to net income presented in accordance with GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.



| | September 30, | | June 30 | September 30, | |
|--|---------------|----------|-----------|---------------|------------|
| | 2022 | 2021 | 2022 | 2022 | 2021 |
| Net income (loss) | \$ 11,512 | \$ 1,432 | \$ 8,289 | \$25,523 | \$ (2,363) |
| Depreciation and amortization | 7,716 | 6,842 | 7,132 | 21,777 | 20,288 |
| Interest expense, net | 141 | 66 | 88 | 308 | 170 |
| Income taxes (1) | 2,332 | 507 | 1,945 | 5,889 | 77 |
| EBITDA | \$ 21,701 | \$ 8,847 | \$17,454 | \$53,497 | \$18,172 |
| Property tax contingency (2) | — | — | 3,072 | 3,072 | — |
| Stock-based compensation expense (3) | 1,553 | 1,355 | 1,519 | 4,665 | 3,907 |
| Employee retention credit (4) | — | (2,992) | — | — | (2,992) |
| Change in payables related to Tax Receivable Agreement (5) | — | — | (654) | (654) | — |
| Credit losses and adjustments to credit losses | (32) | 30 | (361) | (420) | 630 |
| Other (6) | 712 | 422 | 34 | 578 | 563 |
| Adjusted EBITDA | \$ 23,934 | \$ 7,662 | \$ 21,064 | \$ 60,738 | \$ 20,280 |

1)Federal and state income taxes.

2)Property tax contingency represents a reserve related to an unfavorable Texas District Court ruling related to prior period property taxes. The ruling is currently under appeal.

3)Represents stock-based compensation expense related to restricted stock awards.

4)Employee retention credit as part of Consolidated Appropriations Act of 2021, net of administrative fees.

5)Reduction in liability due to state tax rate change.

6)Other includes loss on disposal of assets, gain on insurance claims and other settlements, and costs related to the evaluation of potential acquisitions.

exchange of an outstanding membership interest in Solaris LLC not held by Solaris Client Infrastructure, Inc. for shares of Class A common stock, adjusted for certain non-recurring items that the Company doesn't believe directly reflect its core operations and may not be indicative of ongoing business operations. Adjusted pro forma earnings per fully diluted share is calculated by dividing adjusted pro forma net income by the weighted-average shares of Class A common stock outstanding, assuming the full exchange of all outstanding units of Solaris LLC ("Solaris LLC Units"), after giving effect to the dilutive effect of outstanding equity-based awards.

When used in conjunction with GAAP financial measures, adjusted pro forma net income and adjusted pro forma earnings per fully diluted share are supplemental measures of operating performance that the Company believes are useful measures to evaluate performance period over period and relative to its competitors. By assuming the full exchange of all outstanding Solaris LLC Units, the Company believes these measures facilitate comparisons with other companies that have different organizational and tax structures, as well as comparisons period over period because it eliminates the effect of any changes in net income attributable to Solaris as a result of increases in its ownership of Solaris LLC, which are unrelated to the Company's operating performance, and excludes items that are non-recurring or may not be indicative of ongoing operating performance.

Adjusted pro forma net income and adjusted pro forma earnings per fully diluted share are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation. Presentation of adjusted pro forma net income and adjusted pro forma earnings per fully diluted share should not be considered alternatives to net income and earnings per share, as determined under GAAP. While these measures are useful in evaluating the Company's performance, it does not account for the earnings attributable to the non-controlling interest holders and therefore does not provide a complete understanding of the net income attributable to Solaris. Adjusted pro forma net income and adjusted pro forma earnings per fully diluted share should be evaluated in conjunction with GAAP financial results. A reconciliation of adjusted pro forma net income to net income attributable to Solaris, the most directly comparable GAAP measure, and the computation of adjusted pro forma earnings per fully diluted share are set forth below.

Three Months Ended**Nine months ended**



| | | | | | |
|--|------------------|-----------------|-----------------|------------------|-------------------|
| Net income (loss) attributable to Solaris | \$ 7,400 | \$ 874 | \$ 3,433 | \$ 10,301 | \$ (1,300) |
| Adjustments: | | | | | |
| Reallocation of net income (loss) attributable to non-controlling interests from the assumed exchange of LLC Interests (1) | 4,106 | 558 | 2,836 | 9,162 | (857) |
| Employee retention credit (2) | — | (2,992) | — | — | (2,992) |
| Property tax contingency (3) | — | — | 3,072 | 3,072 | — |
| Change in payables related to Tax Receivable Agreement (4) | — | — | (654) | (654) | — |
| Credit losses and adjustments to credit losses | (32) | 30 | (361) | (420) | 630 |
| Other (5) | 712 | 422 | 34 | 578 | 563 |
| Incremental income tax benefit (expense) | (1,071) | 515 | (1,006) | (2,780) | 573 |
| Adjusted pro forma net income (loss) | <u>\$ 11,121</u> | <u>\$ (593)</u> | <u>\$ 9,374</u> | <u>\$ 25,319</u> | <u>\$ (3,589)</u> |
| Denominator: | | | | | |
| Weighted average shares of Class A common stock outstanding | 31,599 | 31,058 | 31,432 | 31,425 | 30,671 |
| Adjustments: | | | | | |
| Assumed exchange of Solaris LLC Units for shares of Class A common stock (1) | 15,021 | 14,686 | 15,132 | 14,983 | 14,957 |
| Adjusted pro forma fully weighted average shares of Class A common stock outstanding - diluted | <u>46,620</u> | <u>45,744</u> | <u>46,564</u> | <u>46,408</u> | <u>45,628</u> |
| Adjusted pro forma earnings per share - diluted | \$ 0.24 | \$ (0.01) | \$ 0.20 | \$ 0.55 | \$ (0.08) |

(1) Assumes the exchange of all outstanding Solaris LLC Units for shares of Class A common stock at the beginning of the relevant reporting period, resulting in the elimination of the



- (3) Property tax contingency represents a reserve related to an unfavorable Texas District Court ruling related to prior period property taxes. The ruling is currently under appeal.
- (4) Reduction in liability due to state tax rate change.
- (5) Other includes loss on disposal of assets, gain on insurance claims and other settlements, and costs related to the evaluation of potential acquisitions.

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