
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

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

For the quarterly period ended March 31, 2025

or

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

For the transition period from _____ to _____

Commission File Number 001-38066

SELECT WATER SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

81-4561945
(IRS Employer
Identification Number)

1820 North I-35
Gainesville, TX
(Address of principal executive offices)

76240
(Zip Code)

(940) 668-1818

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.01 per share	WTTR	New York Stock Exchange

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 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 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company. Yes No

As of May 5, 2025, the registrant had 103,994,137 shares of Class A common stock and 16,221,101 shares of Class B common stock outstanding.

SELECT WATER SOLUTIONS, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Quarterly Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact, included in this Quarterly Report regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “preliminary,” “forecast,” and similar expressions or variations 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. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors” included in our most recent Annual Report on Form 10-K, in this Quarterly Report and those set forth from time to time in our other filings with the Securities and Exchange Commission (the “SEC”). These forward-looking statements are based on management’s current belief, based on currently available information, as to the outcome and timing of future events.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- global economic distress, including that resulting from the sustained Russia-Ukraine war and related economic sanctions, instability and continued hostilities in the Middle East, including increased tensions with Iran, economic uncertainty as a result of changing trade policies, inflation and high interest rates, each of which may decrease demand for oil and natural gas or contribute to volatility in the prices for oil and natural gas, which may decrease demand for our services;
- actions taken by the members of the Organization of the Petroleum Exporting Countries (“OPEC”) and Russia (together with OPEC and other allied producing countries, “OPEC+”) with respect to oil production levels and announcements of potential changes in such levels, including the ability of the OPEC+ countries to agree on and comply with announced supply limitations, which may be exacerbated by increased hostilities in the Middle East and heightened tensions with Iran;
- impacts related to changing U.S. and foreign trade policies, including increased trade restrictions or tariffs, the impact of changes in diplomatic and trade relations, and the results of countermeasures and any tariff mitigation initiatives;
- changes in global political or economic conditions, generally, and in the markets we serve, including the rate of inflation and potential economic recession;
- the level of capital spending and access to capital markets by oil and gas companies in response to changes in commodity prices or reduced demand;
- the impact of central bank policy actions and disruptions in the bank and capital markets;
- the potential deterioration of our customers’ financial condition, including defaults resulting from actual or potential insolvencies;
- the degree to which consolidation among our customers may affect spending on U.S. drilling and completions, including the recent consolidation in the Permian Basin;
- trends and volatility in oil and gas prices, and our ability to manage through such volatility;

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- the impact of current and future laws, rulings and governmental regulations, including those related to accessing water, disposing of wastewater, transferring produced water, interstate freshwater transfer, chemicals, carbon pricing, pipeline construction, taxation or emissions, hydraulic fracturing, leasing, permitting or drilling on federal lands and various other environmental matters;
- the ability to source certain raw materials and other critical components or manufactured products globally on a timely basis from economically advantaged sources, including any delays and/or supply chain disruptions;
- regional impacts to our business, including our key infrastructure assets within the Northern Delaware and Midland Basin portions of the Permian Basin, the Bakken, and the Haynesville;
- capacity constraints on regional oil, natural gas and water gathering, processing and pipeline systems that result in a slowdown or delay in drilling and completion activity, and thus a decrease in the demand for our services in our core markets;
- the impact of regulatory and related policy actions by federal, state and/or local governments, such as the Inflation Reduction Act of 2022 (“IRA 2022”), that may negatively impact the future production of oil and gas in the U.S., thereby reducing demand for our services;
- our ability to hire and retain key management and employees, including skilled labor;
- our access to capital to fund expansions, acquisitions and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms, or at all;
- our health, safety and environmental performance;
- the impact of competition on our operations;
- the degree to which our E&P customers may elect to operate their water-management services in-house rather than source these services from companies like us;
- our level of indebtedness and our ability to comply with covenants contained in our Sustainability-Linked Credit Facility (as defined herein) or future debt instruments;
- delays or restrictions in obtaining permits by us or our customers;
- constraints in supply or availability of equipment used in our business;
- the impact of advances or changes in well-completion technologies or practices that result in reduced demand for our services, either on a volumetric or time basis;
- acts of terrorism, war or political or civil unrest in the U.S. or elsewhere, such as the Russia-Ukraine war, the instability and hostilities in the Middle East, including heightened tensions with Iran;
- information technology failures or cyberattacks;
- accidents, weather, natural disasters or other events affecting our business; and
- the other risks identified in our most recent Annual Report on Form 10-K and under the headings “Part I—Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part II—Item 1A. Risk Factors” in this Quarterly Report.

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These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Our future results will depend upon various other risks and uncertainties, including those described under the heading “Part I—Item 1A. Risk Factors” in our most recent Annual Report on Form 10-K and under the heading “Part II—Item 1A. Risk Factors” in this Quarterly Report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us are qualified in their entirety by this cautionary note.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**SELECT WATER SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)**

	March 31, 2025	December 31, 2024
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 27,892	\$ 19,978
Accounts receivable trade, net of allowance for credit losses of \$4,387 and \$4,543, respectively	338,129	281,569
Accounts receivable, related parties	194	150
Inventories	40,795	38,447
Prepaid expenses and other current assets	50,840	45,354
Total current assets	<u>457,850</u>	<u>385,498</u>
Property and equipment	1,471,791	1,405,486
Accumulated depreciation	(704,300)	(679,832)
Total property and equipment, net	<u>767,491</u>	<u>725,654</u>
Right-of-use assets, net	33,511	36,851
Goodwill	18,215	18,215
Other intangible assets, net	119,337	123,715
Deferred tax assets, net	43,851	46,339
Investments in unconsolidated entities	83,501	11,347
Other long-term assets	21,455	18,663
Total assets	<u>\$ 1,545,211</u>	<u>\$ 1,366,282</u>
Liabilities and Equity		
Current liabilities		
Accounts payable	\$ 44,996	\$ 39,189
Accrued accounts payable	111,144	76,196
Accounts payable and accrued expenses, related parties	5,904	4,378
Accrued salaries and benefits	15,345	29,937
Accrued insurance	21,698	24,685
Sales tax payable	2,139	2,110
Current portion of tax receivable agreements liabilities	17	93
Accrued expenses and other current liabilities	32,338	40,137
Current operating lease liabilities	15,814	16,439
Current portion of finance lease obligations	490	211
Total current liabilities	<u>249,885</u>	<u>233,375</u>
Long-term tax receivable agreements liabilities	38,409	38,409
Long-term operating lease liabilities	27,952	31,092
Long-term debt, net of deferred debt issuance costs of \$4,112 and \$0, respectively	245,888	85,000
Other long-term liabilities	66,128	62,872
Total liabilities	<u>628,262</u>	<u>450,748</u>
Commitments and contingencies (Note 9)		
Class A common stock, \$0.01 par value; 350,000,000 shares authorized and 103,884,767 and 103,069,732 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	1,039	1,031
Class B common stock, \$0.01 par value; 150,000,000 shares authorized and 16,221,101 shares issued and outstanding as of March 31, 2025 and December 31, 2024	162	162
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding as of March 31, 2025 and December 31, 2024	—	—
Additional paid-in capital	989,785	998,474
Accumulated deficit	(197,908)	(206,147)
Total stockholders' equity	<u>793,078</u>	<u>793,520</u>
Noncontrolling interests	123,871	122,014
Total equity	<u>916,949</u>	<u>915,534</u>
Total liabilities and equity	<u>\$ 1,545,211</u>	<u>\$ 1,366,282</u>

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

SELECT WATER SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share and per share data)

	Three months ended March 31,	
	2025	2024
Revenue		
Water Infrastructure	72,391	63,508
Water Services	\$ 225,648	\$ 228,307
Chemical Technologies	76,345	74,733
Total revenue	<u>374,384</u>	<u>366,548</u>
Costs of revenue		
Water Infrastructure	33,493	33,692
Water Services	181,718	181,532
Chemical Technologies	64,728	61,755
Depreciation, amortization and accretion	38,675	36,892
Total costs of revenue	<u>318,614</u>	<u>313,871</u>
Gross profit	55,770	52,677
Operating expenses		
Selling, general and administrative	37,432	43,980
Depreciation and amortization	925	1,258
Impairments and abandonments	1,148	45
Lease abandonment costs	724	389
Total operating expenses	<u>40,229</u>	<u>45,672</u>
Income from operations	15,541	7,005
Other income (expense)		
Gain on sales of property and equipment and divestitures, net	1,365	325
Interest expense, net	(4,876)	(1,272)
Other	329	(282)
Income before income tax expense and equity in earnings (losses) of unconsolidated entities	12,359	5,776
Income tax expense	(2,894)	(1,452)
Equity in earnings (losses) of unconsolidated entities	95	(449)
Net income	9,560	3,875
Less: net income attributable to noncontrolling interests	(1,321)	(250)
Net income attributable to Select Water Solutions, Inc.	<u>\$ 8,239</u>	<u>\$ 3,625</u>
Net income per share attributable to common stockholders (Note 15):		
Class A—Basic	<u>\$ 0.08</u>	<u>\$ 0.04</u>
Class B—Basic	<u>\$ —</u>	<u>\$ —</u>
Net income per share attributable to common stockholders (Note 15):		
Class A—Diluted	<u>\$ 0.08</u>	<u>\$ 0.04</u>
Class B—Diluted	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

SELECT WATER SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands)

	Three months ended March 31,	
	2025	2024
Net income	\$ 9,560	\$ 3,875
Comprehensive income	9,560	3,875
Less: comprehensive income attributable to noncontrolling interests	(1,321)	(250)
Comprehensive income attributable to Select Water Solutions, Inc.	<u>\$ 8,239</u>	<u>\$ 3,625</u>

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

SELECT WATER SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2025 and 2024
(unaudited)
(in thousands, except share data)

	Class A Stockholders		Class B Stockholders		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total
	Shares	Class A Common Stock	Shares	Class B Common Stock					
Balance as of December 31, 2024	103,069,732	\$ 1,031	16,221,101	\$ 162	\$ 998,474	\$ (206,147)	\$ 793,520	\$ 122,014	\$ 915,534
Equity-based compensation	—	—	—	—	3,009	—	3,009	472	3,481
Issuance of restricted shares	740,084	7	—	—	761	—	768	(768)	—
Cashless exercise of options	24,943	—	—	—	216	—	216	—	216
Repurchase of common stock	(544,287)	(5)	—	—	(5,860)	—	(5,865)	(502)	(6,367)
Performance shares vested	594,295	6	—	—	400	—	406	(406)	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2,875	2,875
Dividend and distribution declared:									
Class A common stock (\$0.07 per share)	—	—	—	—	(7,029)	—	(7,029)	—	(7,029)
Unvested restricted stock (\$0.07 per share)	—	—	—	—	(186)	—	(186)	—	(186)
Class B common stock (\$0.07 per share)	—	—	—	—	—	—	—	(1,135)	(1,135)
Net income	—	—	—	—	—	8,239	8,239	1,321	9,560
Balance as of March 31, 2025	103,884,767	\$ 1,039	16,221,101	\$ 162	\$ 989,785	\$ (197,908)	\$ 793,078	\$ 123,871	\$ 916,949

	Class A Stockholders		Class B Stockholders		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total
	Shares	Class A Common Stock	Shares	Class B Common Stock					
Balance as of December 31, 2023	102,172,863	\$ 1,022	16,221,101	\$ 162	\$ 1,008,095	\$ (236,791)	\$ 772,488	\$ 119,684	\$ 892,172
Equity-based compensation	—	—	—	—	5,490	—	5,490	869	6,359
Issuance of restricted shares	1,118,836	11	—	—	1,136	—	1,147	(1,147)	—
Repurchase of common stock	(830,337)	(8)	—	—	(6,885)	—	(6,893)	(103)	(6,996)
Restricted shares forfeited	(60,019)	(1)	—	—	(61)	—	(62)	62	—
Performance shares vested	303,917	3	—	—	308	—	311	(311)	—
Dividend and distribution declared:									
Class A common stock (\$0.06 per share)	—	—	—	—	(5,931)	—	(5,931)	—	(5,931)
Unvested restricted stock (\$0.06 per share)	—	—	—	—	(185)	—	(185)	—	(185)
Class B common stock (\$0.06 per share)	—	—	—	—	—	—	—	(973)	(973)
Net income	—	—	—	—	—	3,625	3,625	250	3,875
Balance as of March 31, 2024	102,705,260	\$ 1,027	16,221,101	\$ 162	\$ 1,001,967	\$ (233,166)	\$ 769,990	\$ 118,331	\$ 888,321

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

SELECT WATER SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended March 31,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 9,560	\$ 3,875
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation, amortization and accretion	39,600	38,150
Deferred tax expense	2,486	1,129
Gain on disposal of property and equipment and divestitures	(1,365)	(325)
Equity in (earnings) losses of unconsolidated entities	(95)	449
Credit loss expense	514	596
Amortization and write off of debt issuance costs	998	122
Inventory adjustments	(40)	(33)
Equity-based compensation	3,481	6,359
Impairments and abandonments	1,148	45
Other operating items, net	487	312
Changes in operating assets and liabilities		
Accounts receivable	(57,117)	128
Prepaid expenses and other assets	(8,666)	(2,180)
Accounts payable and accrued liabilities	3,948	(16,498)
Net cash (used in) provided by operating activities	<u>(5,061)</u>	<u>32,129</u>
Cash flows from investing activities		
Purchase of property and equipment	(48,427)	(33,763)
Purchase of equity-method investment	(72,059)	—
Acquisitions, net of cash received	(13,980)	(108,311)
Proceeds received from sales of property and equipment	1,944	5,166
Net cash used in investing activities	<u>(132,522)</u>	<u>(136,908)</u>
Cash flows from financing activities		
Borrowings from revolving line of credit	40,000	90,000
Payments on revolving line of credit	(125,000)	(15,000)
Borrowings from long-term debt	250,000	—
Payments of finance lease obligations	(89)	(66)
Payment of debt issuance costs	(7,352)	—
Dividends and distributions paid	(8,567)	(7,487)
Payments under tax receivable agreements	(77)	—
Contributions from noncontrolling interests	2,875	—
Repurchase of common stock	(6,291)	(6,996)
Net cash provided by financing activities	<u>145,499</u>	<u>60,451</u>
Effect of exchange rate changes on cash	(2)	(2)
Net increase (decrease) in cash and cash equivalents	7,914	(44,330)
Cash and cash equivalents, beginning of period	19,978	57,083
Cash and cash equivalents, end of period	<u>\$ 27,892</u>	<u>\$ 12,753</u>
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 4,723	\$ 954
Cash paid (refunds) for income taxes, net	\$ 11	\$ (33)
Supplemental disclosure of noncash investing activities:		
Capital expenditures included in accounts payable and accrued liabilities	<u>\$ 62,370</u>	<u>\$ 39,046</u>

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

SELECT WATER SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Description of the business: Select Water Solutions, Inc. (“we,” “Select Inc.,” “Select” or the “Company”), formerly Select Energy Services, Inc., was incorporated as a Delaware corporation on November 21, 2016. On May 8, 2023, Select Energy Services, Inc.’s Fifth Amended and Restated Certificate of Incorporation became effective upon filing with the Secretary of State of the State of Delaware which, among other things, changed the name of the Company from Select Energy Services, Inc. to Select Water Solutions, Inc. to reflect its strategic focus as a water-focused company. We retained our stock ticker “WTTR” trading on the New York Stock Exchange. The Company is a holding company whose sole material asset consists of common units (“SES Holdings LLC Units”) in SES Holdings, LLC (“SES Holdings”).

We are a leading provider of sustainable water-management solutions to the energy industry in the United States (“U.S.”). As a leader in the water solutions industry, we place the utmost importance on safe, environmentally responsible management of oilfield water throughout the lifecycle of a well. Additionally, we believe that responsibly managing water resources through our operations to help conserve and protect the environment in the communities in which we operate is paramount to our continued success.

Class A and Class B common stock: As of March 31, 2025, the Company had both Class A and Class B common shares issued and outstanding. Holders of shares of our Class A common stock, par value \$0.01 per share (“Class A common stock”) and Class B common stock, par value \$0.01 per share (“Class B common stock”) are entitled to one vote per share and vote together as a single class on all matters presented to our stockholders for their vote or approval.

Exchange rights: Under the Eighth Amended and Restated Limited Liability Company Agreement of SES Holdings (the “SES Holdings LLC Agreement”), SES Legacy Holdings LLC (“Legacy Owner Holdco”) and its permitted transferees have the right (an “Exchange Right”) to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units for, at SES Holdings’ election, (i) shares of Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value (as defined within the SES Holdings LLC Agreement) of such Class A common stock. Alternatively, upon the exercise of any Exchange Right, Select Inc. has the right (the “Call Right”) to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A common stock the exchanging unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or Call Right, the corresponding number of shares of Class B common stock will be cancelled.

Basis of presentation: The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”) and pursuant to the rules and regulations of the SEC. These unaudited interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all disclosures required for financial statements prepared in conformity with GAAP.

This Quarterly Report relates to the three months ended March 31, 2025 (the “Current Quarter”) and the three months ended March 31, 2024 (the “Prior Quarter”). The Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 Form 10-K”), filed with the SEC on February 19, 2025, includes certain definitions and a summary of significant accounting policies and should be read in conjunction with this Quarterly Report. All material adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair statement of the results for the interim periods have been reflected. The results for the Current Quarter may not be indicative of the results to be expected for the full year.

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The unaudited interim consolidated financial statements include the Company's accounts and all of its majority-owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

For investments in subsidiaries that are not wholly-owned, but where the Company exercises control, the equity held by the minority owners and their portion of net income or loss are reflected as noncontrolling interests. Investments in entities in which the Company exercises significant influence over operating and financial policies are accounted for using the equity-method, and investments in entities for which the Company does not have significant control or influence are accounted for using the cost-method or other appropriate basis as applicable. As of March 31, 2025, the Company had four equity-method investments. The Company's investments are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. When circumstances indicate that the fair value of its investment is less than its carrying value and the reduction in value is other than temporary, the reduction in value is recognized in earnings.

On February 14, 2025, the Company entered into a new partnership arrangement through AV Farms, LP, a newly-formed Delaware limited partnership ("AV Farms"), pursuant to a limited partnership agreement (the "LPA") by and among Select Water Reuse, LLC, a wholly-owned subsidiary of the Company ("SWR"), C&A Rollover Company, LLC, ("C&A") and Geneses Water, L.P., ("Geneses"), as limited partners, and AV Farms Management, LLC as the general partner ("AV GP"), effective as of February 28, 2025. AV GP will manage the day-to-day management and operations of AV Farms.

AV Farms was formed to consolidate one of the largest water holdings and storage portfolios in Colorado in order to serve agricultural, municipal, and industrial stakeholders in the region. The scale and location of the assets provides AV Farms the ability to pursue innovative water sharing agreements that provide reliable water supply for all stakeholders. Collaboration, efficiency and technology are core to AV Farms goal of developing an integrated water network in the Colorado Arkansas River Valley. AV Farms is also one of the largest irrigated farming operations in the Arkansas River Valley and is looking to expand this operation to support all of the many interconnected stakeholders in the region.

SWR contributed \$72 million in capital contributions to AV Farms on February 28, 2025. SWR expects to ratably increase its ownership position in AV Farms through additional contributions of approximately \$74 million over a three-year period to support any additional water rights acquisitions and infrastructure buildout requirements.

Concurrently, each of SWR, C&A and Geneses owns approximately 39%, 38% and 23%, respectively, of AV Farms and 25%, 50% and 25%, respectively, of AV GP.

Beginning February 29, 2028, and continuing for 24 months thereafter, SWR will have a call option and C&A and Geneses will have corresponding put options regarding their interests in AV Farms. Under the call option, SWR may exercise its right to acquire all of each of C&A's and Geneses's respective interests in AV Farms for an amount which represents the greater of (i) a specified net internal rate of return on their respective capital contributions and (ii) a certain net multiple on invested capital. Under the put options, each of C&A and Geneses has the right to require that SWR acquire all of their respective interests in AV Farms for an amount which represents the lesser of (i) a specified net internal rate of return on their respective capital contributions and (ii) a certain net multiple of invested capital. The options allow for partial settlement in shares of the Company's Common Stock, valued at a 10-day average closing price prior to exercise. The Company guarantees certain obligations under the limited partnership agreement but is not otherwise a party to it.

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Our investments in unconsolidated entities are summarized below:

Type of Investment	Year attained	Accounting method	As of March 31,	
			2025	2024
(in thousands)				
Water Infrastructure				
39% minority interest	2025	Equity-method	\$ 72,059	\$ —
Water Services				
20% minority interest	2020	Equity-method	4,216	4,017
38% minority interest	2021	Equity-method	4,241	4,388
47% minority interest	2021	Equity-method	2,985	2,942
Total investment in unconsolidated entities			\$ 83,501	\$ 11,347

Dividends: During the Current Quarter, the Company paid \$7.0 million in dividends accounted for as a reduction to additional paid-in capital, \$1.1 million of distributions accounted for as a reduction to noncontrolling interests and \$0.4 million as a reduction to accrued expenses and other current liabilities associated with restricted stock awards that vested during the Current Quarter. As of March 31, 2025, the Company had \$0.5 million of dividends payable included in accrued expenses and other current liabilities in connection with unvested restricted stock awards. All future dividend payments are subject to quarterly review and approval by the board of directors.

Segment reporting: The Company has three reportable segments. Reportable segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and assess performance. The Company’s reportable segments are Water Infrastructure, Water Services, and Chemical Technologies. See “Note 16—Segment Information” for additional information.

The Water Infrastructure segment consists of the Company’s fixed infrastructure assets, including operations associated with our water distribution pipeline infrastructure, our water recycling facilities, our produced water gathering systems and saltwater disposal wells (“SWDs”), and our solids management facilities, primarily serving E&P companies.

The Water Services segment primarily consists of the Company’s water-related services businesses, including water sourcing, water transfer, fluids hauling, water monitoring, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals and flowback and well testing businesses.

The Chemical Technologies segment provides technical solutions, products and expertise related to chemical applications in the oil and gas industry. We develop, manufacture, manage logistics and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing and well completions for customers ranging from pressure pumpers to major integrated and independent oil and gas producers. This segment also utilizes its chemical experience and lab testing capabilities to customize tailored water treatment solutions designed for the recycling and treatment of produced water and to optimize the fracturing fluid system in conjunction with the quality of water used in well completions.

Reclassifications: Certain reclassifications have been made to the Company’s prior period consolidated financial information to conform to the current year presentation. These presentation changes did not impact the Company’s consolidated net income, consolidated cash flows, total assets, total liabilities or total stockholders’ equity.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies: The Company’s significant accounting policies are disclosed in Note 2 of the consolidated financial statements for the year ended December 31, 2024, included in the 2024 Form 10-K.

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Use of estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates, including those related to the recoverability of long-lived assets and intangibles, useful lives used in depreciation, amortization and accretion, uncollectible accounts receivable, inventory reserve, income taxes, self-insurance liabilities, share-based compensation, contingent liabilities, lease-related reasonably certain option exercise assessments, and the incremental borrowing rate for leases. The Company bases its estimates on historical and other pertinent information that are believed to be reasonable under the circumstances. The accounting estimates used in the preparation of the consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

Allowance for credit losses: The Company's allowance for credit losses relates to trade accounts receivable. The Company treats trade accounts receivable as one portfolio and records an initial allowance calculated as a percentage of revenue recognized based on a combination of historical information and future expectations. Additionally, the Company adjusts this allowance based on specific information in connection with aged receivables. Historically, most bad debt has been incurred when a customer's financial condition significantly deteriorates, which in some cases leads to bankruptcy. Market volatility is highly uncertain and, as such, the impact on expected losses is subject to significant judgment and may cause variability in the Company's allowance for credit losses in future periods.

The change in the allowance for credit losses is as follows:

	<u>Three months ended March 31, 2025</u>	
	(in thousands)	
Balance as of December 31, 2024	\$	4,543
Increase to allowance based on a percentage of revenue		754
Charge-offs		(936)
Recoveries		26
Balance as of March 31, 2025	\$	<u>4,387</u>

Asset retirement obligations: The Company's asset retirement obligations ("ARO") relate to disposal facilities and landfills with obligations for plugging wells, removing surface equipment, and returning land to its pre-drilling condition. The following table describes the changes to the Company's ARO liability for the Current Quarter:

	<u>Three months ended March 31, 2025</u>	
	(in thousands)	
Balance as of December 31, 2024	\$	63,230
Accretion expense		1,009
Acquired AROs		1,259
Divested AROs		(33)
Settlements		(1,390)
Balance as of March 31, 2025	\$	<u>64,075</u>
Short-term ARO liability		8,396
Long-term ARO liability		<u>55,679</u>
Balance as of March 31, 2025	\$	<u>64,075</u>

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We review the adequacy of our ARO liabilities whenever indicators suggest that the estimated cash flows underlying the liabilities have changed. The Company's ARO liabilities are included in accrued expenses and other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets.

Lessor Income: The Company is a lessor for a nominal number of owned facilities and also recognizes income related to multiple facility subleases that are accounted for as follows:

Category	Classification	Three months ended March 31,	
		2025	2024
(in thousands)			
Lessor income	Costs of revenue	\$ 41	\$ 33
Sublease income	Lease abandonment costs and Costs of revenue	487	454

The Company also generates short-term equipment rental revenue. See "Note 4—Revenue" for a discussion of revenue recognition for the accommodations and rentals business.

During the Current Quarter and Prior Quarter, the Company made the decision to abandon operations at multiple Water Services locations. As a result, the Company recorded right-of-use asset impairment charges of \$0.6 million and \$0.5 million, respectively.

Defined Contribution Plan: The Company sponsors a defined contribution 401(k) Profit Sharing Plan for the benefit of substantially all employees of the Company. The Company incurred \$1.9 million and \$1.7 million match expense in the Current Quarter and Prior Quarter, respectively.

Severance: During the Prior Quarter, the Company incurred \$0.6 million of severance in connection with the termination of its former Chief Financial Officer, included in selling, general and administrative within the consolidated statements of operations and less than \$0.1 million is included in accrued salaries and benefits as of March 31, 2025.

Recent accounting pronouncements: In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 will be effective for our fiscal year ending December 31, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating ASU 2023-09 to determine its impact on the Company's disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)" ("ASU 2024-03"). The amendments in this update enhance disclosures about a public business entity's expenses and provide more detailed information about the types of expenses included in certain expense captions in the consolidated financial statements. ASU 2024-03 is effective for the Company for the year ending December 31, 2027, and for interim periods thereafter. The Company is currently evaluating the impacts of the adoption of ASU 2024-03.

NOTE 3—ACQUISITIONS

The following table presents key information connected with our 2025 and 2024 acquisitions (dollars in thousands):

Assets and Operations Acquired	Acquisition Date	Cash Consideration	Acquisition related costs for Asset Acquisitions	Total Consideration	Segments
Three Smaller Asset Acquisitions	Multiple 2025 Dates	\$ 13,080	\$ —	\$ 13,080	Water Infrastructure
Eight Smaller Asset Acquisitions	Multiple 2024 Dates	14,591	31	14,622	Water Infrastructure
Bobcat	April 18, 2024	8,070	—	8,070	Water Infrastructure
Trinity	April 1, 2024	30,832	—	30,832	Water Infrastructure
Buckhorn	March 1, 2024	18,781	—	18,781	Water Infrastructure
Iron Mountain Energy	January 8, 2024	14,000	—	14,000	Water Infrastructure
Tri-State Water Logistics	January 3, 2024	58,330	—	58,330	Water Infrastructure
Rockies produced water gathering and disposal infrastructure	January 1, 2024	18,100	—	18,100	Water Infrastructure
Total		\$ 175,784	\$ 31	\$ 175,815	

2025 Asset Acquisitions

During the Current Quarter, the Company acquired certain assets and associated liabilities in the Permian Basin from three transactions for \$13.1 million. The allocation of the purchase price for these assets was a combined \$15.4 million in property and equipment and \$2.3 million in asset retirement obligations and other liabilities.

2024 Asset Acquisitions

During 2024, the Company acquired certain assets and associated liabilities, primarily in the Permian Basin and Northeast Ohio, from eight transactions for \$14.6 million inclusive of acquisition-related costs. The allocation of the purchase price for these assets was a combined \$8.6 million in property and equipment, \$6.0 million in land, \$1.5 million in intellectual property, \$0.1 million in other long-term assets and \$1.6 million in asset retirement obligations and other liabilities.

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2024 Business Combinations

In 2024, the Company completed six business combinations for which all purchase accounting was finalized during 2024. A summary of the consideration transferred and the estimated fair value of identified assets acquired and liabilities assumed as of December 31, 2024 is presented below:

<u>Purchase price allocation</u>	<u>Bobcat</u>	<u>Trinity</u>	<u>Buckhorn</u>	<u>Iron Mountain Energy</u>	<u>Tri-State Water Logistics</u>	<u>Rockies Infrastructure</u>	<u>Total 2024 Acquisitions</u>
				(in thousands)			
<i>Consideration transferred</i>							
Cash consideration ⁽¹⁾	\$ 8,070	\$ 30,832	\$ 18,781	\$ 14,000	\$ 58,330	\$ 18,100	\$ 148,113
Total consideration transferred	8,070	30,832	18,781	14,000	58,330	18,100	148,113
<i>Less: identifiable assets acquired and liabilities assumed</i>							
Working capital	(285)	(408)	752	(3,974)	(1,428)	(500)	(5,843)
Property and equipment	8,291	41,706	19,665	21,876	44,613	8,266	144,417
Right-of-use assets	—	182	—	—	1,028	—	1,210
Customer relationships	535	—	4,100	—	10,240	8,230	23,105
Deferred tax liabilities	—	—	(2,393)	—	—	—	(2,393)
Long-term ARO	(471)	(10,149)	(6,898)	(3,902)	(2,569)	(471)	(24,460)
Long-term lease liabilities	—	(499)	—	—	(956)	—	(1,455)
Total identifiable net assets acquired	8,070	30,832	15,226	14,000	50,928	15,525	134,581
Goodwill	—	—	3,555	—	7,402	2,575	13,532
Fair value allocated to net assets acquired	\$ 8,070	\$ 30,832	\$ 18,781	\$ 14,000	\$ 58,330	\$ 18,100	\$ 148,113

(1) During the Current Quarter, the Company paid \$0.9 million to the Buckhorn sellers in connection with the release of an indemnity holdback that was determined to be no longer necessary.

NOTE 4—REVENUE

The Company follows ASC 606, *Revenue from Contracts with Customers*, for most revenue recognition, which provides a five-step model for determining revenue recognition for arrangements that are within the scope of the standard: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model only to contracts when it is probable that we will collect the consideration the Company is entitled to in exchange for the goods or services the Company transfers to the customer. The accommodations and rentals revenue continues to be guided by ASC 842 – *Leases*, which is discussed further below.

The following factors are applicable to all three of the Company's segments for the Current Quarter and Prior Quarter:

- The vast majority of Water Services and Chemical Technologies customer agreements are short-term, lasting less than one year. Water Infrastructure contains both short-term and long-term agreements.
- Contracts are seldom combined together as virtually all of our customer agreements constitute separate performance obligations. Each job or project is typically distinct, thereby not interdependent or interrelated with other customer agreements.
- Most contracts allow either party to terminate at any time without substantive penalties. If the customer terminates the contract, the Company is unconditionally entitled to the payments for the services rendered and products delivered to date.

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- Contract terminations before the end of the agreement are rare.
- Sales returns are rare and no sales return assets have been recognized on the balance sheet.
- There are minimal volume discounts.
- There are no service-type warranties.
- There is no long-term customer financing.
- Taxes assessed by government authorities included on customer invoices are excluded from revenue.

In the Water Infrastructure and Water Services segments, performance obligations arise in connection with services provided to customers in accordance with contractual terms, in an amount the Company expects to collect. Services are generally sold based upon customer orders or contracts with customers that include fixed or determinable prices. Revenues are generated by services rendered and measured based on the output generated, which is usually simultaneously received and consumed by customers at their job sites. As a multi-job site organization, contract terms, including the pricing for the Company's services, are negotiated on a job site level on a per-job basis. Most jobs are completed in a short period of time, usually between one day and one month. Revenue is recognized as performance obligations are completed on a daily, hourly or per-unit basis with unconditional rights to consideration for services rendered reflected as accounts receivable trade, net of allowance for credit losses. In cases where a prepayment is received before the Company satisfies its performance obligations, a contract liability is recorded in accrued expenses and other current liabilities. Final billings generally occur once all of the proper approvals are obtained. Mobilization and demobilization are factored into the pricing for services. Billings and costs related to mobilization and demobilization are not material for customer agreements that start in one period and end in another. The Company recognizes revenue from certain sales when title passes to the customer, the customer assumes risks and rewards of ownership, collectability is reasonably assured and delivery occurs as directed by the customer.

As of March 31, 2025 and December 31, 2024, the Company reported no contract assets and had contract liabilities of \$0.9 million and \$1.1 million, respectively. During the Current Quarter and Prior Quarter, the Company recognized revenue of \$0.2 million and \$0.4 million, respectively, related to contract liabilities that previously existed.

Accommodations and rentals revenue is included in the Water Services segment and the Company accounts for accommodations and rentals agreements as an operating lease. The Company recognizes revenue from renting equipment on a straight-line basis. Accommodations and rental contract periods are generally daily, weekly or monthly. The average lease term is less than three months and as of March 31, 2025, there were no material rental agreements in effect lasting more than one year. During the Current Quarter and Prior Quarter, approximately \$20.9 million and \$20.3 million, respectively, of accommodations and rentals revenue was accounted for under ASC 842 lease guidance.

In the Chemical Technologies segment, the typical performance obligation is to provide a specific quantity of chemicals to customers in accordance with the customer agreement in an amount the Company expects to collect. Products and services are generally sold based upon customer orders or contracts with customers that include fixed or determinable prices. Revenue is recognized as the customer takes title to chemical products in accordance with the agreement. Products may be provided to customers in packaging or delivered to the customers' containers through a hose. In some cases, the customer takes title to the chemicals upon consumption from storage containers on their property, where the chemicals are considered inventory until customer usage. In cases where the Company delivers products and recognizes revenue before collecting payment, the Company has an unconditional right to payment reflected in accounts receivable trade, net of allowance for credit losses. Customer returns are rare and immaterial and there were no material in-process customer agreements for this segment as of March 31, 2025, lasting greater than one year.

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The following table sets forth certain financial information with respect to the Company's disaggregation of revenues by geographic location:

Geographic Region	Three months ended March 31,	
	2025	2024
	(in thousands)	
Permian Basin	\$ 179,843	\$ 168,423
Rockies	49,585	56,683
Eagle Ford	42,694	49,241
Marcellus/Utica	42,555	37,335
Mid-Continent	24,584	19,481
Bakken	22,664	15,135
Haynesville/E. Texas	15,260	23,349
Eliminations and other regions	(2,801)	(3,099)
Total	\$ 374,384	\$ 366,548

In the Water Infrastructure segment, the most recent top three revenue-producing regions are the Permian Basin, Haynesville and Bakken, which collectively comprised 83% and 83% of segment revenue for the Current Quarter and Prior Quarter, respectively. In the Water Services segment, the most recent top three revenue-producing regions are the Permian Basin, Marcellus/Utica and Rockies, which collectively comprised 73% and 73% of segment revenue for the Current Quarter and Prior Quarter, respectively. In the Chemical Technologies segment, the most recent top three revenue-producing regions are the Permian Basin, Midcon and Eagle Ford, which collectively comprised 86% and 78% of segment revenue for the Current Quarter and Prior Quarter, respectively.

NOTE 5—INVENTORIES

Inventories, which are comprised of chemicals and raw materials available for resale and parts and consumables used in operations, are valued at the lower of cost and net realizable value, with cost determined under the weighted-average method. The significant components of inventory are as follows:

	March 31, 2025	December 31, 2024
	(in thousands)	
Raw materials	\$ 32,551	\$ 24,884
Finished goods	8,244	13,563
Total	\$ 40,795	\$ 38,447

During both the Current Quarter and Prior Quarter, the Company recorded net credits to the reserve for excess and obsolete inventory of less than \$0.1 million. Credits to the reserve for excess and obsolete inventory were recognized within cost of revenue on the accompanying consolidated statements of operations. The Company's inventory reserve was \$4.8 million as of both March 31, 2025 and December 31, 2024. The reserve for excess and obsolete inventories is determined based on the Company's historical usage of inventory on hand, as well as future expectations and the amount necessary to reduce the cost of the inventory to its estimated net realizable value.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation (and amortization of finance lease assets) is calculated on a straight-line basis over the estimated useful life of each asset. Property and equipment consists of the following as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(in thousands)	
Machinery and equipment	\$ 585,511	\$ 581,566
Gathering and disposal infrastructure	320,886	309,854
Pipelines	138,398	103,425
Recycling facilities	126,873	115,227
Buildings and leasehold improvements	104,443	109,520
Land	39,930	39,960
Vehicles and equipment	12,780	13,870
Computer equipment and software	7,864	7,864
Machinery and equipment - finance lease	2,285	533
Computer equipment and software - finance lease	895	904
Office furniture and equipment	453	453
Construction in progress	131,473	122,310
	<u>1,471,791</u>	<u>1,405,486</u>
Less accumulated depreciation ⁽¹⁾	(704,300)	(679,832)
Total property and equipment, net	<u>\$ 767,491</u>	<u>\$ 725,654</u>

(1) Includes \$1.1 million and \$0.9 million of accumulated depreciation related to finance leases as of March 31, 2025 and December 31, 2024, respectively.

During the Current Quarter, the Company recognized \$1.1 million in impairments and abandonments, consisting of \$0.6 million in the Water Services segment related to the relocation of operations from a leased facility and \$0.5 million in the Water Infrastructure segment associated with the termination of a disposal lease.

Total depreciation, amortization and accretion expense related to property and equipment and finance leases presented in the table above, as well as amortization of intangible assets presented in “Note 7— Other Intangible Assets” is as follows:

Category	Three months ended March 31,	
	2025	2024
	(in thousands)	
Depreciation expense from property and equipment	\$ 34,044	\$ 33,764
Amortization expense from finance leases	169	62
Amortization expense from intangible assets	4,378	4,070
Accretion expense from asset retirement obligations	1,009	254
Total depreciation, amortization and accretion	<u>\$ 39,600</u>	<u>\$ 38,150</u>

NOTE 7—GOODWILL AND OTHER INTANGIBLE ASSETS

The Company recorded \$13.5 million of goodwill in connection with the Company’s 2024 acquisitions (See “Note 3— Acquisitions”). Goodwill is evaluated for impairment annually, or more frequently if indicators of impairment exist.

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The changes in the carrying amounts of goodwill by reportable segment for the Current Quarter are as follows:

	Water Infrastructure	Water Services (in thousands)	Total
Balance as of December 31, 2024	\$ 16,777	\$ 1,438	\$ 18,215
Additions	—	—	—
Balance as of March 31, 2025	\$ 16,777	\$ 1,438	\$ 18,215

The components of other intangible assets, net as of March 31, 2025 and December 31, 2024 are as follows:

	As of March 31, 2025			As of December 31, 2024		
	Gross Value	Accumulated Amortization (in thousands)	Net Value	Gross Value	Accumulated Amortization (in thousands)	Net Value
Definite-lived						
Customer relationships	\$ 187,706	\$ (80,498)	\$ 107,208	\$ 187,706	\$ (76,638)	\$ 111,068
Patents and other intellectual property	14,272	(8,905)	5,367	14,272	(8,521)	5,751
Water rights	1,750	(269)	1,481	3,125	(1,510)	1,615
Total definite-lived	203,728	(89,672)	114,056	205,103	(86,669)	118,434
Indefinite-lived						
Water rights	5,281	—	5,281	5,281	—	5,281
Total indefinite-lived	5,281	—	5,281	5,281	—	5,281
Total other intangible assets, net	\$ 209,009	\$ (89,672)	\$ 119,337	\$ 210,384	\$ (86,669)	\$ 123,715

The weighted-average periods for customer relationships, patents and other intellectual property, and water rights were 12.7 years, 9.7 years and 3.3 years, respectively, and the weighted-average remaining amortization periods for customer relationships, patents and other intellectual property, and water rights were 8.2 years, 5.1 years and 2.8 years, respectively, as of March 31, 2025. See “Note 6—Property and Equipment” for the amortization expense during the Current Quarter and Prior Quarter. The indefinite-lived water rights are generally subject to renewal every five to ten years at immaterial renewal costs. Annual amortization of intangible assets for the next five years and beyond is as follows:

	Amount (in thousands)
Remainder of 2025	\$ 13,133
2026	17,424
2027	16,922
2028	14,655
2029	14,114
Thereafter	37,808
Total	\$ 114,056

NOTE 8—DEBT

Sustainability-linked credit facility and revolving line of credit

On January 24, 2025 (the “Closing Date”), SES Holdings and Select LLC entered into a \$550.0 million sustainability-linked senior secured credit facility (the “Sustainability-Linked Credit Facility”), by and among SES Holdings, as parent, Select LLC, as borrower and certain of SES Holdings’ subsidiaries, as guarantors, each of the lenders party thereto and Bank of America, N.A., as administrative agent, issuing lender and swingline lender (the “Administrative Agent”), which initially provides for \$300.0 million in revolving commitments (the “Revolving Credit Facility”) and \$250.0 million in term commitments (the “Term Loan Facility”), in each case, subject to a borrowing base. The Sustainability-Linked Credit Facility also has a sublimit of \$50.0 million for letters of credit and a sublimit of \$30.0 million for swingline loans. Subject to obtaining commitments from existing or new lenders, Select LLC has the option to increase the maximum amount under the senior secured credit facility by (i) \$150.0 million for additional revolving commitments and (ii) \$50.0 million for additional term commitments, in each case, during the first four years following the Closing Date.

The Borrowing Base for the Revolving Credit Facility is calculated as the sum of (i) 90% of the Eligible Investment Grade Billed Receivables, plus (ii) 85% of the Eligible Billed Receivables (other than Eligible Investment Grade Billed Receivables), plus (iii) the lesser of (a) 75% of the amount of Eligible Unbilled Receivables and (b) an amount equal to 40% of the Borrowing Base, plus (iv) the least of (x) the product of 70% multiplied by the value of Eligible Inventory at such time, (y) the product of 85% multiplied by the Net Recovery Percentage identified in the most recent Acceptable Appraisal of Inventory, multiplied by the value of Eligible Inventory at such time and (z) an amount equal to 30% of the Borrowing Base, minus (v) the aggregate amount of Reserves, if any, established by the Administrative Agent from time to time. As of March 31, 2025, the borrowing base for the Revolving Credit Facility under the Sustainability-Linked Credit Facility was \$252.2 million. The Borrowing Base is calculated on a monthly basis (or if an Increased Reporting Period is in effect as described in the Sustainability-Linked Credit Facility, on a weekly basis) pursuant to a borrowing base certificate delivered by Select LLC to the Administrative Agent.

The Term Advance Borrowing Base for the Term Loan Facility is calculated as the lesser of (i) the product of 100% multiplied by the Net Book Value of all Machinery and Equipment (“M&E”) and (ii) the product of 65% multiplied by the net orderly liquidation value – in place (“NOLV-IP”) of the Term Advance Collateral. As of the Closing Date, the Term Advance Borrowing Base under the Term Loan Facility was \$426.27 million. The Term Advance Borrowing Base is thereafter only subject to reporting and redetermination during the period commencing after the date that excess availability is less than the greater of (a) 25% of the lesser of (1) the aggregate revolving commitments and (2) the then-effective borrowing base (such lesser amount, the “Borrowing Limit”) and (b) \$30.0 million for three or more consecutive business days and ending on the first date that excess availability has equaled or exceeded the greater of (1) 25% of the Borrowing Limit and (2) \$30.0 million for 30 consecutive days.

Borrowings under the Sustainability-Linked Credit Facility bear interest, at Select LLC’s election, at either Term SOFR (subject to a zero percent floor) or the Base Rate (“Base Rate” being equal to the greater of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%; or (c) Term SOFR for a one month Interest Period as of such day, plus 1.0%), in each case plus an applicable margin. The applicable margin for Term SOFR loans under the Term Loan Facility ranges from 3.00% to 3.50% and the applicable margin for Base Rate loans under the Term Facility ranges from 2.00% to 2.50%, in each case, depending on Select LLC’s average excess availability under the Sustainability-Linked Credit Facility. Additionally, the applicable margin for Term SOFR loans under the Revolving Credit Facility ranges from 1.50% to 2.00% and the applicable margin for Base Rate loans under the Revolving Credit Facility ranges from 0.50% to 1.00%, in each case, depending on Select LLC’s average excess availability under the Sustainability-Linked Credit Facility. Until March 31, 2025, the applicable margin was (i) 3.25% for Term SOFR loans under the Term Loan Facility, (ii) 2.25% for Base Rate loans under the Term Loan Facility, (iii) 1.75% for Term SOFR loans under the Revolving Credit Facility, and (iv) 0.75% for Base Rate loans under the Revolving Credit Facility. Interest is payable monthly in arrears for Base Rate loans and, for Term SOFR loans, at the end of each applicable Interest Period, which may be one month or three months at Select LLC’s election. A commitment fee accrues on the unused commitments under the Revolving Credit Facility at either 0.25% per annum or 0.375% per annum depending on

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Select LLC's average utilization of the Revolving Credit Facility in the preceding calendar month and is payable monthly in arrears. Until February 28, 2025, the commitment fee rate is 0.375% per annum. The Sustainability-Linked Credit Facility is scheduled to mature on the fifth anniversary of the Closing Date or the earlier termination in full of the Commitments.

Under the Sustainability-Linked Credit Facility, the interest rate margin and the facility fee rates are also subject to annual adjustments based on the Select LLC's performance of specified sustainability target thresholds with respect to (i) total recordable incident rate, as the Employee Health and Safety Metric, and (ii) barrels of recycled produced water recycled at facilities of the Credit Parties, as the Water Stewardship Metric, in each case, subject to limited assurance verification by a qualified independent external reviewer. The adjustment for the interest rate margin is a range of plus and minus 5.00 basis points and the adjustment for the commitment fee rate is a range of plus and minus 1.00 basis point, subject to the mechanics under the Sustainability-Linked Credit Facility. As of the Closing Date, the margin adjustment in effect is a reduction of 5.00 basis points and the commitment fee adjustment in effect is a reduction of 1.00 basis point.

The obligations under the Sustainability-Linked Credit Facility are guaranteed by SES Holdings and certain subsidiaries of SES Holdings and Select LLC and secured by a security interest in substantially all of the personal property assets of SES Holdings, Select LLC and their domestic subsidiaries that are guarantors.

The Sustainability-Linked Credit Facility contains certain customary representations and warranties, affirmative and negative covenants and events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Sustainability-Linked Credit Facility to be immediately due and payable.

In addition, the Sustainability-Linked Credit Facility restricts SES Holdings' and Select LLC's ability to make distributions on, or redeem or repurchase, its equity interests, except for certain distributions, including distributions of cash so long as, both at the time of the distribution and after giving effect to the distribution, no default or event of default exists under the Sustainability-Linked Credit Facility or would result from the making of such distribution and (a) the fixed charge coverage ratio of SES Holdings is equal to or greater than 1.0 to 1.0 on a pro forma basis, (b) the leverage ratio of SES Holdings is not greater than 3.5 to 1.0 on a pro forma basis, (c) excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 20% of the Borrowing Limit and (2) \$27.0 million. Additionally, the Sustainability-Linked Credit Facility generally permits Select LLC to make distributions required under its existing tax receivable agreements, subject to certain limitations.

The Sustainability-Linked Credit Facility also requires SES Holdings to maintain (i) a fixed charge coverage ratio of at least 1.0 to 1.0 and (ii) a leverage ratio of not more than 3.5 to 1.0, in each case, as of the last day of any fiscal quarter.

Beginning with the first full quarter ending after the first anniversary of the closing date, the Term Loan Facility will amortize in quarterly installments equal to \$15.625 million (subject to reduction of such amount on account of certain prepayments). Upon the repayment in full of the Term Loan Facility, certain terms of the Sustainability-Linked Credit Facility will be automatically adjusted (including the conditions to the making of cash distributions and the financial maintenance covenants) and the Term Advance Collateral will be released as Collateral, in each case, as described in the Sustainability-Linked Credit Facility.

Certain lenders party to the Sustainability-Linked Credit Facility and their respective affiliates have from time to time performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for the Company and its affiliates in the ordinary course of business for which they have received and would receive customary compensation. In addition, in the ordinary course of their various business activities, such parties and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investments and securities activities may involve the Company's securities and/or instruments.

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In connection with the entry into the Sustainability-Linked Credit Facility, the obligations of SES Holdings, Select LLC and their applicable subsidiaries under the Prior Sustainability-Linked Credit Facility were repaid in full and the Prior Sustainability-Linked Credit Facility was terminated on the Closing Date.

Prior Sustainability-linked credit facility and revolving line of credit

On March 17, 2022 (the “Restatement Date”), SES Holdings and Select Water Solutions, LLC (“Select LLC”), formerly Select Energy Services, LLC and a wholly-owned subsidiary of SES Holdings, entered into a \$270.0 million amended and restated senior secured sustainability-linked revolving credit facility (the “Prior Sustainability-Linked Credit Facility”), by and among SES Holdings, as parent, Select LLC, as borrower, and certain of SES Holdings’ subsidiaries, as guarantors, each of the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent, issuing lender and swingline lender (the “Prior Administrative Agent”) (which amended and restated the Credit Agreement dated November 1, 2017 by and among SES Holdings, as parent, Select LLC, as borrower and certain of SES Holdings’ subsidiaries, as guarantors, each of the lenders party thereto and the Prior Administrative Agent (the “Prior Credit Agreement”). The Prior Sustainability-Linked Credit Facility also had a sublimit of \$40.0 million for letters of credit and \$27.0 million for swingline loans, respectively.

The Prior Sustainability-Linked Credit Facility permitted extensions of credit up to the lesser of \$270.0 million and a borrowing base that is determined by calculating the amount equal to the sum of (i) 85% of the Eligible Billed Receivables (as defined in the Prior Sustainability-Linked Credit Facility), plus (ii) 75% of Eligible Unbilled Receivables (as defined in the Prior Sustainability-Linked Credit Facility), provided that this amount would not equal more than 35% of the borrowing base, plus (iii) the lesser of (A) the product of 70% multiplied by the value of Eligible Inventory (as defined in the Prior Sustainability-Linked Credit Facility) at such time and (B) the product of 85% multiplied by the Net Recovery Percentage (as defined in the Prior Sustainability-Linked Credit Facility) identified in the most recent Acceptable Appraisal of Inventory (as defined in the Prior Sustainability-Linked Credit Facility), multiplied by the value of Eligible Inventory at such time, provided that this amount would not equal more than 30% of the borrowing base, minus (iv) the aggregate amount of Reserves (as defined in the Prior Sustainability-Linked Credit Facility), if any, established by the Prior Administrative Agent from time to time, including, if any, the amount of the Dilution Reserve (as defined in the Prior Sustainability-Linked Credit Facility). The borrowing base was calculated on a monthly basis pursuant to a borrowing base certificate delivered by Select LLC to the Prior Administrative Agent.

Borrowings under the Prior Sustainability-Linked Credit Facility bore interest, at Select LLC’s election, at either the (a) one- or three-month Term Secured Overnight Financing Rate (“SOFR”) (as defined in the Prior Sustainability-Linked Credit Facility) or (b) greatest of (i) the federal funds rate plus 0.5%, (ii) one-month Term SOFR plus 1% and (iii) the Prior Administrative Agent’s prime rate (the “Base Rate”), in each case plus an applicable margin, and interest shall be payable monthly in arrears. The applicable margin for Term SOFR loans ranges from 1.75% to 2.25% and the applicable margin for Base Rate loans ranges from 0.75% to 1.25%, in each case, depending on Select LLC’s average excess availability under the Prior Sustainability-Linked Credit Facility, as set forth in the table below. During the continuance of a bankruptcy event of default, automatically, and during the continuance of any other default, upon the Prior Administrative Agent’s or the required lenders’ election, all outstanding amounts under the Prior Sustainability-Linked Credit Facility would bear interest at 2.00% plus the otherwise applicable interest rate.

Under the Prior Sustainability-Linked Credit Facility, the interest rate margin and the facility fee rates were also subject to adjustments based on Select LLC’s performance of specified sustainability target thresholds with respect to (i) total recordable incident rate, as the Employee Health and Safety Metric and (ii) barrels of produced water recycled at permanent or semi-permanent water treatment and recycling facilities owned or operated, as the Water Stewardship Metric, in each case, subject to limited assurance verification by a qualified independent external reviewer. The adjustment for the interest rate margin is a range of plus and minus 5.0 basis points and the adjustment for the fee margin was a range of plus and minus 1.0 basis point, subject to the mechanics under the Prior Sustainability-Linked Credit Facility.

The obligations under the Prior Sustainability-Linked Credit Facility were guaranteed by SES Holdings and certain subsidiaries of SES Holdings and Select LLC and secured by a security interest in substantially all of the personal property assets of SES Holdings, Select LLC and their domestic subsidiaries.

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The Prior Sustainability-Linked Credit Facility contained certain customary representations and warranties, affirmative and negative covenants and events of default. If an event of default occurred and had continued, the lenders could have declared all amounts outstanding under the Prior Sustainability-Linked Credit Facility to be immediately due and payable.

In addition, the Prior Sustainability-Linked Credit Facility restricted SES Holdings' and Select LLC's ability to make distributions on, or redeem or repurchase, its equity interests, except for certain distributions, including distributions of cash so long as, both at the time of the distribution and after giving effect to the distribution, no default exists under the Prior Sustainability-Linked Credit Facility and either (a) excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, was not less than the greater of (1) 25% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$33.75 million or (b) if SES Holdings' fixed charge coverage ratio was at least 1.0 to 1.0 on a pro forma basis, and excess availability at all times during the preceding 30 consecutive days, on a pro forma basis and after giving effect to such distribution, is not less than the greater of (1) 20% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (2) \$27.0 million. Additionally, the Prior Sustainability-Linked Credit Facility generally permitted Select LLC to make distributions required under its existing Tax Receivable Agreements. See "Note 12—Related Party Transactions—Tax Receivable Agreements" for further discussion of the Tax Receivable Agreements.

The Prior Sustainability-Linked Credit Facility also required SES Holdings to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 at any time availability under the Prior Sustainability-Linked Credit Facility is less than the greater of (i) 10% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million and continuing through and including the first day after such time that availability under the Prior Sustainability-Linked Credit Facility has equaled or exceeded the greater of (i) 10% of the lesser of (A) the maximum revolver amount and (B) the then-effective borrowing base and (ii) \$15.0 million for 60 consecutive calendar days.

Certain lenders party to the Prior Sustainability-Linked Credit Facility and their respective affiliates have from time to time performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for the Company and its affiliates in the ordinary course of business for which they have received and would receive customary compensation. In addition, in the ordinary course of their various business activities, such parties and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investments and securities activities may involve the Company's securities and/or instruments.

The Company had \$250.0 million in borrowings outstanding under the Sustainability-Linked Credit Facility as of March 31, 2025 and \$85.0 million outstanding under the Prior Sustainability-Linked Credit Facility as of December 31, 2024. The interest rate applied to our outstanding borrowings under the Sustainability-Linked Credit Facility as of March 31, 2025 was 7.68%. As of March 31, 2025 and December 31, 2024, the borrowing base under the Sustainability-Linked Credit Facility and Prior Sustainability-Linked Credit Facility was \$252.2 million and \$218.8 million, respectively. The borrowing capacity under the Sustainability-Linked Credit Facility and Prior Sustainability-Linked Credit Facility was reduced by outstanding letters of credit of \$19.9 million and \$19.0 million as of March 31, 2025 and December 31, 2024, respectively. The Company's letters of credit have a variable interest rate between 1.75% and 2.25% based on the Company's average excess availability as outlined above. The unused portion of the available borrowings under the Sustainability-Linked Credit Facility was \$232.3 million as of March 31, 2025.

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The principal maturities of debt outstanding as of March 31, 2025 were as follows:

	<u>Amount</u> <u>(in thousands)</u>
2025	\$ —
2026	46,875
2027	62,500
2028	62,500
2029	62,500
2030	15,625
Total	<u>\$ 250,000</u>

The carrying amount of long-term debt on the balance sheet is presented net of deferred debt issuance costs totaling \$4.1 million, which are being accounted for as a direct reduction of the related term loan liability in accordance with ASC 835-30.

In connection with the entry into the Sustainability-Linked Credit Facility, the Company incurred \$7.4 million of debt issuance costs during the Current Quarter. Additionally, the Company expensed \$0.7 million of previously unamortized deferred debt issuance costs related to the Prior Sustainability-Linked Credit Facility and transferred \$0.4 million of unamortized costs to the new Sustainability-Linked Credit Facility for lenders that remained in the syndicate. Unamortized debt issuance costs as of March 31, 2025 and December 31, 2024, were \$7.4 million and \$1.1 million, respectively. The debt issuance costs related to the revolving line of credit are presented as a deferred charge within other assets on the consolidated balance sheets. The debt issuance costs related to the term loan are presented as a deferred credit, reducing the loan's carrying value on the consolidated balance sheets. Debt issuance costs are amortized to interest expense over the life of the debt to which they pertain. Total amortization expense related to debt issuance costs was \$0.3 million and \$0.1 million for the Current Quarter and Prior Quarter, respectively.

The Company was in compliance with all debt covenants as of March 31, 2025.

NOTE 9—COMMITMENTS AND CONTINGENCIES

Litigation

The Company is subject to a number of lawsuits and claims arising out of the normal conduct of its business. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. Based on a consideration of all relevant facts and circumstances, including applicable insurance coverage, it is not expected that the ultimate outcome of any currently pending lawsuits or claims against the Company will have a material adverse effect on its consolidated financial position, results of operations or cash flows; however, there can be no assurance as to the ultimate outcome of these matters.

Retentions

We are self-insured up to certain retention limits with respect to workers' compensation, general liability and vehicle liability matters, and health insurance. We maintain accruals for self-insurance retentions that we estimate using third-party data and claims history.

NOTE 10—EQUITY-BASED COMPENSATION

The SES Holdings 2011 Equity Incentive Plan (the “2011 Plan”) was approved by the board of managers of SES Holdings in April 2011. In conjunction with the private placement of 16,100,000 shares of the Company’s Class A common stock on December 20, 2016 (the “Select 144A Offering”), the Company adopted the Select Energy Services, Inc. 2016 Equity Incentive Plan (as amended, the “2016 Plan”) for employees, consultants and directors of the Company and its affiliates. Options that were outstanding under the 2011 Plan immediately prior to the Select 144A Offering were cancelled in exchange for new options granted under the 2016 Plan. On May 8, 2020, the Company’s stockholders approved an amendment to the 2016 Plan to increase the number of shares of the Company’s Class A common stock that may be issued under the 2016 Plan by 4,000,000 shares and to make certain other administrative changes.

On March 25, 2024, the Company adopted the Select Water Solutions, Inc. 2024 Equity Incentive Plan (the “2024 Plan”) subject to approval by the Company’s stockholders. On May 8, 2024, the Company’s stockholders approved the 2024 Plan and the 2024 Plan became effective as of such date. The 2024 Plan reserved 8,487,004 shares of the Company’s Class A common stock for issuance with respect to equity awards granted under the 2024 Plan. In connection with the approval of the 2024 Plan, no further awards will be granted under the 2016 Plan, the Nuverra Environmental Solutions Inc. 2017 Long Term Incentive Plan and the Nuverra Environmental Solutions, Inc. 2018 Restricted Stock Plan for Directors. The 2024 Plan includes share recycling provisions, allowing shares that are withheld or surrendered to the Company for payment of any exercise price or taxes, or awards that expire, are canceled, forfeited, or otherwise terminated without the actual delivery of the underlying Class A common stock, to again be available for future grants. As of March 31, 2025, there were 8,449,775 shares available for issuance as future equity awards under the 2024 Plan.

Stock Option Awards

The Company has outstanding stock option awards as of March 31, 2025 but there have been no option grants since 2018. The stock options were granted with an exercise price equal to or greater than the fair market value of a share of Class A common stock as of the date of grant. The expected life of the options at the time of the grant was based on the vesting period and term of the options awarded, which was ten years.

A summary of the Company’s stock option activity and related information as of and for the Current Quarter is as follows:

	For the three months ended March 31, 2025			
	Stock Options	Weighted-average Exercise Price	Weighted-average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands) ^(a)
Beginning balance, outstanding	1,030,595	\$ 19.89	2.5	\$ 1,399
Exercised	(24,943)	8.66		—
Expired	(6,602)	15.13		—
Ending balance, outstanding	999,050	\$ 20.20	2.3	\$ 504
Ending balance, exercisable	999,050	\$ 20.20	2.3	\$ 504
Nonvested as of March 31, 2025	—	\$ —		—

(a) Aggregate intrinsic value for stock options is based on the difference between the exercise price of the stock options and the quoted closing Class A common stock price of \$10.50 and \$13.24 as of March 31, 2025 and December 31, 2024, respectively.

As of March 31, 2021, all equity-based compensation expense related to stock options had been recognized.

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Restricted Stock Awards

The value of the restricted stock awards granted was established by the market price of the Class A common stock on the date of grant and is recorded as compensation expense ratably over the vesting term, which is generally over three years from the applicable date of grant. The Company recognized compensation expense of \$3.0 million and \$3.7 million related to the restricted stock awards for the Current Quarter and Prior Quarter, respectively. As of March 31, 2025, there was \$20.3 million of unrecognized compensation expense with a weighted-average remaining life of 2.1 years related to unvested restricted stock awards.

A summary of the Company's restricted stock awards activity and related information for the Current Quarter is as follows:

	For the three months ended March 31, 2025	
	Restricted Stock Awards	Weighted-average Grant Date Fair Value
Nonvested as of December 31, 2024	2,670,410	\$ 8.18
Granted	740,084	12.20
Vested	(952,859)	8.06
Nonvested as of March 31, 2025	2,457,635	\$ 9.44

Performance Share Units ("PSUs")

During 2023, the Company approved grants of PSUs that are subject to both performance-based and service-based vesting provisions related to (i) return on asset performance ("ROA") in comparison to thirteen peer companies and (ii) Adjusted Free Cash Flow ("FCF") performance percentage. The number of shares of Class A common stock issued to a recipient upon vesting of the PSUs will be calculated based on ROA and FCF performance over the applicable period from January 1, 2023 through December 31, 2025.

The target number of shares of Class A common stock subject to each remaining PSU granted in 2023 is one; however, based on the achievement of performance criteria, the number of shares of Class A common stock that may be received in the settlement of each PSU can range from 0.0 to 1.75 times the target number. The PSUs become earned at the end of the performance period after the attainment of the performance level has been certified by the compensation committee, which will be no later than June 30, 2026, assuming the applicable minimum performance metrics are achieved.

The target PSUs granted in 2023 that become earned connected with the ROA in comparison to other companies will be determined based on the Company's Average Return on Assets (as defined in the applicable PSU agreement) relative to the Average Return on Assets of the peer companies (as defined in the applicable PSU agreement) in accordance with the following table, but the Company must have a positive Total Shareholder Return (as defined in the applicable PSU agreement) over the performance period. As a result of this market condition, the 2023 PSUs will be valued each reporting period utilizing a Black-Scholes model.

Ranking Among Peer Group	Percentage of Target Amount Earned
Outside of Top 10	0%
Top 10	50%
Top 7	100%
Top 3	175%

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The target PSUs that become earned in connection with the adjusted FCF performance percentage will be determined (as defined in the applicable PSU agreement) in accordance with the following table:

Adjusted FCF Performance Percentage	Percentage of Target Amount Earned
Less than 70%	0%
70%	50%
100%	100%
130%	175%

During 2024, the Company approved grants of PSUs that are subject to both performance-based and service-based vesting provisions related to ROA in comparison to twelve peer companies and PSUs subject to market-based and service-based vesting provisions related to absolute total shareholder return (“TSR”) over the performance period from January 1, 2024 through December 31, 2026. The target number of shares of Class A common stock subject to each PSU granted in 2024 is 1.0; however, based on the achievement of performance criteria, the number of shares of Class A common stock that may be received in the settlement of each PSU can range from 0.0 to 2.0 times the target number. No PSUs are earned if the Company's TSR is negative. The PSUs become earned at the end of the performance period after the attainment of the performance level has been certified by the compensation committee, which will be no later than June 30, 2027.

The target PSUs granted in 2024 that become earned in connection with the ROA in comparison to other companies will be determined (as defined in the applicable PSU agreement) in accordance with the following table:

Ranking Among Peer Group	Percentage of Target Amount Earned
Outside of Top 10	0%
Top 10	50%
Top 7	100%
Top 3	200%

The PSUs granted in 2024 that become earned in connection with TSR will be determined (as defined in the applicable PSU agreement) in accordance with the following table:

Performance Level	Absolute TSR (%)	Percentage of Target PSUs Earned
Below Threshold	Less than 0%	0%
Threshold	0%	50%
Target	10%	100%
Maximum	Greater than or equal to 30%	200%

During 2025, the Company approved grants of PSUs that are subject to both performance-based and service-based vesting provisions related to relative and absolute TSR over the performance period from January 1, 2025 to December 31, 2027. The target number of shares of Class A common stock subject to each PSU granted in 2025 is 1.0; however, based on the achievement of performance criteria, the number of shares of Class A common stock that may be received in the settlement of each PSU can range from 0.0 to 2.0 times the target number. The PSUs become earned at the end of the performance period after the attainment of the performance level has been certified by the compensation committee, which will be no later than June 30, 2028.

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The PSUs granted in 2025 that become earned in connection with TSR will be determined (as defined in the applicable PSU agreement) in accordance with the following table:

Performance Level	Relative TSR (%)	Absolute TSR between 0% and 15%*	Absolute TSR greater than 15%	Absolute TSR less than 0%
Maximum	Greater than or equal to 80%	200%	200%	100%
Target	55%	100%	100%	100%
Threshold	25%	50%	50%	50%
Below Threshold	Less than 25%	0%	50%	0%

*The percentage of Target PSUs that become earned PSUs for performance that is between the values set forth in the table above, excluding between the third and fourth rows of the table, shall be linearly interpolated between the values in the table.

The fair value on the date the PSUs were granted during 2025, 2024 and 2023 was \$5.4 million, \$5.2 million and \$5.3 million, respectively. Compensation expense related to the PSUs is determined by multiplying the number of shares of Class A common stock underlying such awards that, based on the Company's estimate, are probable to vest by the measurement date (i.e., the last day of each reporting period date) fair value and recognized using the accelerated attribution method. The Company recognized compensation expense of \$0.5 million and \$2.6 million related to the PSUs for the Current Quarter and Prior Quarter, respectively.

As of March 31, 2025, the unrecognized compensation cost related to our unvested PSUs is estimated to be \$11.4 million and is expected to be recognized over a weighted-average period of 2.1 years. However, this compensation cost will be adjusted as appropriate throughout the applicable performance periods.

A summary of the Company's PSUs and related information for the Current Quarter is as follows:

	PSUs
Nonvested as of December 31, 2024	1,988,208
Target shares granted	376,397
Target shares vested ⁽¹⁾	(594,295)
Target shares added by performance factor	98,029
Target shares forfeited ⁽¹⁾	(116,406)
Target shares outstanding as of March 31, 2025	1,751,933

(1) The PSUs granted in 2022 related to ROA and FCF vested at 132% and 62% of target, respectively.

Share Repurchases

During the Current Quarter, the Company repurchased 544,287 shares of Class A common stock in connection with the cashless exercise of options and the satisfaction of employee minimum tax withholding requirements for shares vested under the 2016 Plan. All repurchased shares were retired. During the Current Quarter, the repurchases were accounted for as a decrease to paid-in-capital of \$6.4 million and a decrease to Class A common stock of \$5,000. In the Prior Quarter, the Company repurchased 830,337 shares of Class A common stock in connection with the satisfaction of employee minimum tax withholding requirements. The Company did not make any open market repurchases in either the Current Quarter or Prior Quarter.

The 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the IRA 2022 applies to our share repurchase program.

NOTE 11—FAIR VALUE MEASUREMENT

The Company utilizes fair value measurements to measure assets and liabilities in a business combination or assess impairment and abandonment of property and equipment, intangible assets and goodwill or to measure the value of securities marked to market. Fair value is defined as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in an orderly transaction between market participants at the measurement date. Further, ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and includes certain disclosure requirements. Fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk.

ASC 820 establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1—Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2—Quoted prices for similar assets or liabilities in non-active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs that are unobservable and significant to the fair value measurement (including the Company's own assumptions in determining fair value).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers into, or out of, the three levels of the fair value hierarchy for the three months ended March 31, 2025 or the year ended December 31, 2024.

Other fair value considerations

The carrying values of the Company's current financial instruments, which include cash and cash equivalents, accounts receivable trade and accounts payable, approximate their fair value as of March 31, 2025 and December 31, 2024 due to the short-term nature of these instruments. The carrying value of debt as of March 31, 2025 approximates fair value due to variable market rates of interest. The estimated fair values of the Company's financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

NOTE 12—RELATED-PARTY TRANSACTIONS

The Company considers its related parties to be those stockholders who are beneficial owners of more than 5.0% of its common stock, executive officers, members of its board of directors or immediate family members of any of the foregoing persons, an investment in a company that is significantly influenced by another related party, and cost-method and equity-method investees. The Company has entered into a number of transactions with related parties. In accordance with the Company's related persons transactions policy, the audit committee of the Company's board of directors regularly reviews these transactions. However, the Company's results of operations may have been different if these transactions were conducted with non-related parties.

During the Current Quarter, sales to related parties were \$0.2 million and purchases from related-party vendors were \$5.4 million. These purchases consisted of \$3.9 million relating to the rental of certain equipment or other services used in operations, \$1.0 million relating to management, consulting and other services, \$0.4 million relating to inventory and consumables, and \$0.1 million relating to property and equipment.

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During the Prior Quarter, sales to related parties were less than \$0.2 million and purchases from related-party vendors were \$4.6 million. These purchases consisted of \$3.0 million relating to the rental of certain equipment or other services used in operations, \$0.6 million relating to property and equipment, \$0.6 million relating to management, consulting and other services and \$0.4 million relating to inventory and consumables.

Tax Receivable Agreements

In connection with the Select 144A Offering, the Company entered into two tax receivable agreements (the “Tax Receivable Agreements”) with certain then-affiliates of the then-holders of SES Holdings LLC Units. As of March 31, 2025, certain of the TRA Holders were employed by the Company, on the Company’s board of directors and/or owned shares of the Company’s Class A and/or Class B common stock.

The first of the Tax Receivable Agreements, which the Company entered into with Legacy Owner Holdco and Crestview Partners II GP, L.P. (“Crestview GP”) generally provides for the payment by the Company to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that the Company actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or is deemed to realize in certain circumstances in periods after the Select 144A Offering as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of the Company’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder’s SES Holdings LLC Units in connection with the Select 144A Offering or pursuant to the exercise of the Exchange Right or the Company’s Call Right and (ii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, any payments the Company makes under such Tax Receivable Agreement.

The second of the Tax Receivable Agreements, which the Company entered into with an affiliate of Legacy Owner Holdco and Crestview GP, generally provides for the payment by the Company to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that the Company actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or is deemed to realize in certain circumstances in periods after the Select 144A Offering as a result of, as applicable to each such TRA Holder, (i) any net operating losses available to the Company as a result of certain reorganization transactions entered into in connection with the Select 144A Offering and (ii) imputed interest deemed to be paid by the Company as a result of any payments the Company makes under such Tax Receivable Agreement.

On June 23, 2023, the Tax Receivable Agreements were amended to replace references to one year LIBOR with references to the 12-month term SOFR published by CME Group Benchmark Administration Limited plus 171.513 basis points, which is the benchmark replacement rate and additional margin that, under the Adjustable Interest Rate (LIBOR) Act of 2021, would have otherwise been inserted in place of references to LIBOR in the Tax Receivable Agreements following June 30, 2023.

The Company has recognized a liability associated with the Tax Receivable Agreements of March 31, 2025 and December 31, 2024 of \$38.4 million and \$38.5 million, respectively because the likelihood of a payment to be made under the Tax Receivable Agreements has been determined to be probable as of both March 31, 2025, and December 31, 2024. The recognized liability associated with the Tax Receivable Agreements represents 85% of the net cash savings in U.S. federal, state and local income tax or franchise tax that the Company anticipates realizing in future years from certain increases in tax basis and other tax attributes arising from the Company’s completed acquisitions of SES Holdings LLC Units from the TRA Holders and from the net operating losses available to the Company as a result of certain reorganization transactions entered into in connection with the Select 144A Offering. This liability could materially change in the future, based on multiple factors including, among others, whether the remaining holders of SES Holdings LLC Units exchange such units for Class A common stock, the value of our Class A common stock, changes in our economic projections and actual results, passage of future legislation, and consummation of significant transactions in the future.

NOTE 13—INCOME TAXES

The Company's income tax information is presented in the table below. The effective tax rate is different than the 21% U.S. federal income tax rate due to net income allocated to noncontrolling interests, state income taxes and permanent book tax differences.

	Three months ended March 31,	
	2025	2024
	(in thousands)	
Current income tax expense	\$ 408	\$ 323
Deferred income tax expense	2,486	1,129
Total income tax expense	\$ 2,894	\$ 1,452
Effective Tax Rate	23.4%	25.1%

We regularly review our deferred tax assets for realization and establish a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company considers all available positive and negative evidence in determining whether realization of the tax benefit is more likely than not. This evidence includes historical income/loss, projected future income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Management has continued to assess both positive and negative evidence and determined that no adjustments to the remaining valuation allowance were necessary as of March 31, 2025.

NOTE 14—NONCONTROLLING INTERESTS

The Company's noncontrolling interests fall into two categories as follows:

- Noncontrolling interests attributable to joint ventures formed for water-related services.
- Noncontrolling interests attributable to holders of Class B common stock.

	As of	As of
	March 31, 2025	December 31, 2024
	(in thousands)	
Noncontrolling interests attributable to joint ventures formed for water-related services	\$ 898	\$ (1,570)
Noncontrolling interests attributable to holders of Class B common stock	122,973	123,584
Total noncontrolling interests	\$ 123,871	\$ 122,014

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During the Current Quarter, the Company received a \$2.9 million cash contribution from a noncontrolling interest for business development. For all periods presented, there were changes in Select Inc.'s ownership interest in SES Holdings. The effects of the changes in Select Inc.'s ownership interest in SES Holdings are as follows:

	Three months ended March 31,	
	2025	2024
	(in thousands)	
Net income attributable to Select Water Solutions, Inc.	\$ 8,239	\$ 3,625
Transfers from noncontrolling interests:		
Increase in additional paid-in capital as a result of restricted stock issuance, net of forfeitures	768	1,085
Increase in additional paid-in capital as a result of vested PSUs	406	311
Increase in additional paid-in capital as a result of the repurchase of SES Holdings LLC Units	502	103
Change to equity from net income attributable to Select Water Solutions, Inc. and transfers from noncontrolling interests	<u>\$ 9,915</u>	<u>\$ 5,124</u>

NOTE 15—INCOME PER SHARE

Income per share is based on the amount of income allocated to the stockholders and the weighted-average number of shares outstanding during the period for each class of common stock. Outstanding options are included in the calculation of diluted weighted-average shares outstanding to the extent they may be dilutive upon exercise and are excluded to the extent they would be antidilutive. Accordingly, outstanding options to purchase 720,953 and 1,467,544 shares of Class A common stock, representing 72% and 100% of the total outstanding options at period end, for the Current Quarter and Prior Quarter respectively, are excluded from the calculation of diluted weighted-average shares outstanding as their effect is antidilutive. Shares of the Company's Class B common stock do not share in net income or losses attributable to the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented. Diluted earnings per share was computed using the treasury stock method.

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The following tables present the Company's calculation of basic and diluted earnings per share for the Current and Prior Quarter (dollars in thousands, except share and per share amounts):

	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Select Water Solutions, Inc.	Class A	Class B	Select Water Solutions, Inc.	Class A	Class B
Numerator:						
Net income	\$ 9,560			\$ 3,875		
Net income attributable to noncontrolling interests	(1,321)			(250)		
Net income attributable to Select Water Solutions, Inc. — basic	\$ 8,239	\$ 8,239	\$ —	\$ 3,625	\$ 3,625	\$ —
Add: Reallocation of net income attributable to noncontrolling interests for the dilutive effect of restricted stock	18	18	—	8	8	—
Add: Reallocation of net income attributable to noncontrolling interests for the dilutive effect of performance units	18	18	—	7	7	—
Add: Reallocation of net income attributable to noncontrolling interests for the dilutive effect of stock options	1	1	—	—	—	—
Net income attributable to Select Water Solutions, Inc. — diluted	\$ 8,276	\$ 8,276	\$ —	\$ 3,640	\$ 3,640	\$ —
Denominator:						
Weighted-average shares of common stock outstanding — basic		100,790,931	16,221,101		99,224,604	16,221,101
Dilutive effect of restricted stock		1,226,432	—		1,168,335	—
Dilutive effect of performance share units		1,217,166	—		980,125	—
Dilutive effect of stock options		79,395	—		—	—
Weighted-average shares of common stock outstanding — diluted		103,313,924	16,221,101		101,373,064	16,221,101
Income per share:						
Basic	\$ 0.08	\$ —	\$ —	\$ 0.04	\$ —	\$ —
Diluted	\$ 0.08	\$ —	\$ —	\$ 0.04	\$ —	\$ —

NOTE 16—SEGMENT INFORMATION

Select Inc. is a leading provider of sustainable water and chemical solutions to the energy industry in the U.S. The Company's services are offered through three reportable segments. Reportable segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the CODM in deciding how to allocate resources and assess performance. The Company's CODM assesses performance and allocates resources on the basis of the three reportable segments. Corporate and other expenses that do not individually meet the criteria for segment reporting are reported separately as Corporate or Other.

The Company's CODM assesses performance and allocates resources on the basis of the following three reportable segments:

Water Infrastructure — The Water Infrastructure segment consists of the Company's fixed infrastructure assets, including operations associated with our water distribution pipeline infrastructure, our water recycling facilities, our produced water gathering systems and SWDs, and our solids management facilities, primarily serving E&P companies.

Water Services — The Water Services segment primarily consists of the Company's water-related services businesses, including water sourcing, water transfer, fluids hauling, water monitoring, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals and flowback and well testing businesses.

Chemical Technologies — The Chemical Technologies segment provides technical solutions, products and expertise related to chemical applications in the oil and gas industry. We develop, manufacture, manage logistics and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing and well

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completions for customers ranging from pressure pumpers to major integrated and independent oil and gas producers. This segment also utilizes its chemical experience and lab testing capabilities to customize tailored water treatment solutions designed for the recycling and treatment of produced water and to optimize the fracturing fluid system in conjunction with the quality of water used in well completions.

In assessing segment results and allocating resources, the CODM places particular emphasis on significant expense categories, including cost of revenue, selling, general & administrative expenses, and depreciation, accretion, and amortization. The CODM evaluates segment performance primarily based on segment EBITDA, which serves as the key profitability measure for decision-making. The Company reports EBITDA by segment as a measure of segment performance. The Company defines EBITDA as net income, plus interest expense, income taxes, and depreciation, amortization and accretion.

Financial information by segment for the Current and Prior Quarter is as follows:

For the three months ended March 31, 2025

	Water Infrastructure	Water Services	Chemical Technologies	Other	Eliminations	Totals
Revenue	\$ 72,646	\$ 227,946	\$ 76,686	\$ -	\$ (2,894)	\$ 374,384
Costs of revenue excluding depreciation, amortization and accretion	(36,101)	(181,740)	(64,992)	-	2,894	(279,939)
Depreciation, amortization and accretion	(19,797)	(17,165)	(1,713)	(925)		(39,600)
Selling general and administrative	(5,682)	(8,788)	(4,525)	(18,437)		(37,432)
Other ⁽¹⁾	(537)	(63)	581	(64)		(83)
Net income						\$ 9,560
Interest expense, net						4,876
Tax expense						2,894
Depreciation, amortization and accretion						39,600
EBITDA	\$ 30,326	\$ 37,355	\$ 7,750	\$ (18,501)		\$ 56,930
Capital expenditures	\$ 40,676	\$ 18,404	\$ 1,205	\$ 496		\$ 60,781

For the three months ended March 31, 2024

	Water Infrastructure	Water Services	Chemical Technologies	Other	Eliminations	Totals
Revenue	\$ 63,854	\$ 230,581	\$ 75,073	\$ -	\$ (2,960)	\$ 366,548
Costs of revenue excluding depreciation, amortization and accretion	(36,068)	(181,698)	(62,173)	-	2,960	(276,979)
Depreciation, amortization and accretion	(13,901)	(21,114)	(1,877)	(1,258)		(38,150)
Selling general and administrative	(4,254)	(8,750)	(5,252)	(25,724)		(43,980)
Other ⁽¹⁾	(82)	(744)	51	(65)		(840)
Net income						\$ 3,875
Interest expense, net						1,272
Tax expense						1,452
Depreciation, amortization and accretion						38,150
EBITDA	\$ 23,450	\$ 39,389	\$ 7,699	\$ (25,789)		\$ 44,749
Capital expenditures	\$ 26,653	\$ 10,198	\$ 1,542	\$ (64)		\$ 38,329

(1) Other includes lease abandonment costs, impairments, bargain purchase gain, gains or losses on sales of property and equipment, tax receivable agreements expense, equity in losses of unconsolidated entities and other income and expenses.

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Total assets by segment as of March 31, 2025 and December 31, 2024, is as follows:

	<u>As of</u> <u>March 31, 2025</u>	<u>As of</u> <u>December 31, 2024</u>
	(in thousands)	
Water Infrastructure	\$ 766,670	\$ 652,870
Water Services	571,895	523,545
Chemical Technologies	153,889	136,658
Other	52,757	53,209
Total	<u>\$ 1,545,211</u>	<u>\$ 1,366,282</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report, as well as the historical consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission on February 19, 2025 (our “2024 Form 10-K”). This discussion and analysis contains forward-looking statements based upon our current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors as described under “Cautionary Note Regarding Forward-Looking Statements” and other cautionary statements described under the heading “Risk Factors” included in our 2024 Form 10-K and this Quarterly Report on Form 10-Q. We assume no obligation to update any of these forward-looking statements.

This discussion relates to the three months ended March 31, 2025 (the “Current Quarter”) and the three months ended March 31, 2024 (the “Prior Quarter”).

Overview

We are a leading provider of sustainable water and chemical solutions to the energy industry in the U.S. As a leader in the water solutions industry, we place the utmost importance on safe, environmentally responsible management of oilfield water throughout the lifecycle of a well. Additionally, we believe that responsibly managing water resources through our operations to help conserve and protect the environment in the communities in which we operate is paramount to our continued success.

Sustainability

Select is committed to a corporate strategy that supports the long-term viability of our business model in a manner that focuses on all stakeholders, including our people, our customers, the environment, and the communities in which we operate. We believe this focus will help us and our customers achieve their short-term and long-term strategic goals, help us attract and retain top talent, and further our efforts to generate investor returns. We believe our commitment to foster a culture of corporate responsibility is an important part of being a company with operations spanning the contiguous U.S. Further, we believe being a good corporate steward is strategic to our growth in the energy industry and will better allow us to develop solutions that both address the needs of our customers and contribute to sustainable business practices. Our commitment to these principles is exemplified through our sustainability-linked credit facility, which incorporates certain key performance indicator targets related to growing produced water recycling volumes and maintaining market-leading employee safety performance. Additionally, as a customer-oriented company, we compete with other providers based on various factors, including safety and operational performance, technological innovation, process efficiencies and reputational awareness. We have identified the following four priorities as part of our comprehensive corporate responsibility initiative: Environmental Consciousness, Health and Safety, Human Capital Management and Community Outreach. We believe there is a strong link between these corporate responsibility initiatives and our ability to provide value to our stakeholders.

We are one of the few public companies whose primary focus is on the management of water and water logistics in the energy industry with a focus on driving efficient, environmentally responsible, and economical solutions that lower costs throughout the lifecycle of the well. We believe water is a valuable resource and understand that the energy industry, other industries, and the general public are competing for this resource. We continue to provide access to water as demanded by our customers and have significantly increased our focus on the recycling and reuse of produced water, as well as assessing other industrial water sources, to meet the industry’s water demand and align our operations with the goals of our customers. We have invested significantly in the development and acquisition of fixed and mobile recycling facilities that support the advancement of commercialized produced water reuse solutions. By doing so, we strive to reduce the amount of produced water being reinjected into SWDs and to reduce our usage of fresh

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water as well as that of our customers. By implementing our innovative approach to end-to-end water solutions, Select has become a leader in recycling produced water to be reused for energy production.

Our strong company culture includes commitments to all stakeholders, and we aim to create a work environment that fosters a diverse and inclusive company culture. Additionally, we prioritize safety in our operations through rigorous training, structured protocols and ongoing automation of our operations. Our prioritization of safety includes a commitment to safeguarding the communities in which we operate.

We believe that proper alignment of our management and our board of directors with our shareholders is critical to creating long-term value, including the alignment of management compensation and incentive structures and the continued leadership of an experienced, diverse and independent board of directors.

Recent Developments

In the first three months of 2025, Select executed three asset acquisitions totaling \$13.1 million, enhancing current and future water infrastructure capabilities. These asset acquisitions collectively position Select for future growth and operational efficiency in the water infrastructure segment. In parallel, Select has continued to win new long-term contracts in its infrastructure segment, further strengthening its recurring revenue base and supporting sustained growth. Additionally, we made a \$72.1 million equity method investment in an entity to consolidate one of the largest water holdings and storage portfolios in Colorado to serve agricultural, municipal, and industrial stakeholders in the region (Refer to “Note 1—Business and Basis of Presentation” for further discussion on AV Farms). Further, on January 24, 2025, we entered into a \$550.0 million sustainability-linked senior secured credit facility and extinguished our prior debt (Refer to “Note 8—Debt” for further discussion of the Sustainability-Linked Credit Facility).

Select is prioritizing investments in water infrastructure projects, which often bring a more predictable and steady revenue stream through long-term contracts and production-related operations. These investments typically produce higher gross margins and also foster stronger partnerships with customers, as Select becomes an integral partner in ensuring well productivity for ongoing customer production over the life of a well. Our focus is on integrated solutions that enhance contracted infrastructure projects with logistics services and chemical solutions, and expanding the value we provide to our customers. Our approach, historically and during the year ended December 31, 2024, has been to streamline operations and offer a more comprehensive and valuable overall package to customers that is built around optimizing the entire water lifecycle as such integrated solutions drive revenue growth and enhance overall value to clients.

The armed conflict between Ukraine and Russia continued into 2025, as well as ongoing conflicts in the Middle East, including heightened tensions with Iran. As a result of the Russian invasion of Ukraine, the U.S., the United Kingdom, the member states of the European Union and other public and private actors have imposed severe sanctions on Russian financial institutions, businesses and individuals. In the Middle East, various conflicts have resulted in increased hostilities and instability in oil and gas producing regions in the Middle East as well as in key adjacent shipping lanes and supply chains, including elevated tensions with Iran, a major oil producer.

The Russia-Ukraine conflict, and the resulting sanctions and concerns regarding global energy security, has contributed to, and conflicts in the Middle East may contribute to, increases and volatility in the prices for oil and natural gas. Such volatility, coupled with an increased cost of capital, due, in part to elevated rates of inflation and interest rates, may lead to a more difficult investing and planning environment for us and our customers. The ultimate geopolitical and macroeconomic consequences of these conflicts and associated sanctions and/or international responses cannot be predicted, and such events, or any further hostilities elsewhere, could severely impact the world economy and may adversely affect our financial condition. An end to these conflicts and an easing or elimination of the related sanctions and/or international response could result in a significant fall in commodity prices as hydrocarbons become more readily accessible in global markets, which could have an adverse effect on our customers, and therefore adversely affect our customers’ demand for our services. An intensification of that conflict could also have an adverse effect on our customers and their demand for our services.

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In addition, since 2021, OPEC+ countries have instituted production cuts (as well as voluntary production cuts), which currently cut output by 5.86 million barrels/day in the aggregate. Most recently, in March 2025, OPEC+ announced further production cuts between 0.19 million barrels per day and 0.44 million barrels per day through June 2026 in response to OPEC+ members producing above agreed upon levels. OPEC+ may, at its discretion, continue to decrease, or increase, production, which will continue to impact crude oil and natural gas price volatility. The actions of OPEC+ countries with respect to oil production levels and announcements of potential changes in such levels, including agreement on and compliance with production targets, may result in volatility in the industry in which we and our customers operate. The average price of West Texas Intermediate (“WTI”) crude oil decreased in the Current Quarter versus the Prior Quarter due to a combination of factors, including heightened trade tensions, weakening global demand, the threat of a global recession and increased production from OPEC+ countries. During the Current Quarter, the average spot price of WTI crude oil was \$71.78 versus an average price of \$77.50 for the Prior Quarter. The average Henry Hub natural gas spot price during the Current Quarter was \$4.14 versus an average of \$2.15 for the Prior Quarter. Henry Hub natural gas price levels in the Current Quarter have increased relative to the Prior Quarter due to a variety of factors, including increased demand driven by cold weather, lower than expected inventories, and the ongoing LNG export growth in the U.S., and have positively impacted activity levels in natural gas basins.

Separately, global macroeconomic developments, such as the development or change in international trade policies, including the imposition of tariffs, may adversely affect our ability to source raw materials and the demand for our services. While we have positioned ourselves to largely not be reliant on any sole supplier and believe we would be able to find alternative sources for our raw materials, any trading disruption (such as tariffs, product restrictions, etc.) in the trading relationships between the U.S. and other nations may adversely impact our business. For example, on April 2, 2025, the U.S. implemented wide sweeping tariffs against a majority of other countries, which have been subsequently deferred for 90 days, except for tariffs levied on goods imported from China. The current minimum U.S. tariff rate on goods imported from China is now 145%, and up to 245% on certain goods, and the current Chinese tariff levied on goods imported from the U.S. is currently 125%. Such elevated tariff rates may substantially increase the costs for certain products. Select sources and, more importantly, our customers source from China, while also effectively pricing out U.S. oil, natural gas and NGLs from the Chinese market, which may adversely affect our customers as China is a major importer of oil, natural gas and NGLs globally. The continuation, expansion or worsening of these tariffs may adversely affect the industry in which we operate and reduce demand for our services.

Additionally, increased inflation in recent years has resulted in higher interest rates and increased cost of capital for Select and for our customers. As costs of capital have increased, many of our customers have demonstrated their resolve to manage their capital spending within budgets and cash flow from operations and increase redemptions of debt and/or returns of capital to investors. Furthermore, consolidation among our customers, such as the consolidation of E&P companies in the Permian Basin, can disrupt our market in the near term and the resulting demand for our services. When one customer acquires another, drilling and completions activity levels may decrease overall, but acquisitions can lead to larger blocks of consolidated development and production acreage, which can increase the demand for our longer-term integrated full water lifecycle solutions. This consolidation may streamline operations, as Select can offer integrated solutions to clients with larger water volumes to manage in certain areas. The Company’s position in the market may strengthen, as it becomes an essential partner for long-term production integrity in larger, more comprehensive water projects. However, it also means Select must meet the changing needs and structures of these consolidated entities to maintain and grow these relationships. While customers involved in acquisitions may initially slow activity to focus on integration and portfolio management, we believe we are well-positioned to meet the increased responsibilities of overall water management, including water reuse, recycling, transmitting and balancing across customers and regions, and ultimately disposal, for these larger customers and blocks of contiguous acreage.

Overall however, even though commodity prices have moderated recently, the financial health of the oil and gas industry is in a generally healthy position overall, including many of our customers specifically, as reflected in revenues and earnings, debt metrics, recent capital raises, and equity valuations. While the financial health of the broader oil and gas industry has shown improvement as compared to prior periods, central bank policy actions and associated liquidity risks and other factors may negatively impact the value of our equity and that of our customers, and may reduce our and their ability to access liquidity in the bank and capital markets or result in capital being available on less favorable terms, which could negatively affect our financial condition and that of our customers.

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From an operational standpoint, many of the recent efficiency trends still apply to ongoing unconventional oil and gas development. The continued trend towards multi-well pad development and simultaneous well completions, executed within a limited time frame, combined with service price inflation and elevated interest rates, has increased the overall intensity, complexity and cost of well completions, while increasing fracturing efficiency and the use of lower-cost in-basin sand has decreased total costs for our customers. However, we note the continued efficiency gains in the well completions process can limit the days we spend on the wellsite and, therefore, negatively impact the total revenue opportunity for certain of our services utilizing day-rate pricing models.

This multi-well pad development, combined with upstream acreage consolidation and corporate mergers as well as the growing trends around the recycling and reuse applications of produced water provides a significant opportunity for companies like us that can deliver increasingly complex solutions for our E&P customers across large swathes of acreage through our regional infrastructure networks, delivering solutions for the full completion and production lifecycle of wells. While these trends have advanced the most in the Permian Basin to date, they are emerging in other basins as well and Select has recently performed recycling projects in the Haynesville, Rockies and South Texas regions as well.

The increased reuse of produced water requires additional chemical treatment solutions. We have a dedicated team of specialists focused every day on developing and deploying innovative water treatment and reuse services for our customers. Our FluidMatch™ design solutions enable our customers to economically use these alternative sources to optimize their fluid systems by providing water profiling and fluid assessment services working towards real-time. This trend also supports more complex “on-the-fly” solutions that treat, proportion, and blend various streams of water and chemicals at the wellsite. This complexity favors service companies that are able to provide advanced technology solutions. Ultimately, we intend to play an important role in the advancement of water and chemical solutions that are designed to meet the sustainability goals of key stakeholders.

Our water logistics, treatment, and chemical application expertise, in combination with advanced technology solutions, are applicable to other industries beyond oil and gas. We are working to further commercialize our services in other businesses and industries through our industrial solutions group and equity method investments.

Our Segments

Our services are offered through three reportable segments: (i) Water Infrastructure; (ii) Water Services; and (iii) Chemical Technologies.

- *Water Infrastructure.* The Water Infrastructure segment consists of the Company’s fixed infrastructure assets, including operations associated with our water distribution pipeline infrastructure, our water recycling facilities, our produced water gathering systems and SWDs, and our solids management facilities, primarily serving E&P companies.
- *Water Services.* The Water Services segment primarily consists of the Company’s water-related services businesses, including water sourcing, water transfer, fluids hauling, water monitoring, water containment and water network automation, primarily serving E&P companies. Additionally, this segment includes the operations of our accommodations and rentals and flowback and well testing businesses.
- *Chemical Technologies.* The Chemical Technologies segment provides technical solutions, products and expertise related to chemical applications in the oil and gas industry. We develop, manufacture, manage logistics and provide a full suite of chemicals used in hydraulic fracturing, stimulation, cementing and well completions for customers ranging from pressure pumpers to major integrated and independent oil and gas producers. This segment also utilizes its chemical experience and lab testing capabilities to customize tailored water treatment solutions designed for the recycling and treatment of produced water and to optimize the fracturing fluid system in conjunction with the quality of water used in well completions.

How We Generate Revenue

We currently generate most of our revenue through our water-management services associated with well completions as well as ongoing produced water management, provided through our Water Services and Water Infrastructure segments. Most of this revenue is realized through customer agreements with fixed pricing terms and is recognized when delivery of services is provided, generally at our customers' sites. While we have a growing portfolio of contracts incorporating long-term pricing arrangements, particularly in our Water Infrastructure segment, most of our water and water-related services are priced based on prevailing market conditions, giving due consideration to the customer's specific requirements.

We also generate revenue by providing completion and specialty chemicals through our Chemical Technologies segment. We invoice the majority of our Chemical Technologies customers for services provided based on the quantity of chemicals used or pursuant to short-term contracts as customer needs arise.

Costs of Conducting Our Business

The principal expenses involved in conducting our business are labor costs, vehicle and equipment costs (including depreciation, rental, repair and maintenance and leasing costs), raw materials including water sourcing costs and fuel costs. Overall, our fixed costs are relatively low and most of the costs of serving our customers are variable, i.e., they are incurred only when we provide water and water-related services, or chemicals and chemical-related services to our customers.

Labor costs associated with our employees and contract labor comprise the largest portion of our costs of doing business. We incurred labor and labor-related costs of \$129.4 million and \$138.3 million for the Current Quarter and Prior Quarter, respectively. The majority of our recurring labor costs are variable and dependent on the market environment and are incurred only while we are providing our operational services. We also incur costs to employ personnel to ensure safe operations, sell and supervise our services and perform maintenance on our assets, which is not as directly tied to our level of business activity. Additionally, we incur selling, general and administrative costs for compensation of our administrative personnel at our field sites and in our operational and corporate headquarters, as well as for third-party support, permitting, licensing and services.

We incur significant vehicle and equipment costs in connection with the services we provide, including depreciation, repairs and maintenance, rental and leasing costs. We incurred vehicle and equipment costs of \$79.5 million and \$79.5 million for the Current Quarter and Prior Quarter, respectively.

We incur raw material costs in manufacturing our chemical products, as well as for water that we source for our customers. We incurred raw material costs of \$65.2 million and \$61.4 million for the Current Quarter and Prior Quarter, respectively.

We incur variable transportation costs associated with our service lines, predominately fuel and freight. We incurred fuel and freight costs of \$22.3 million and \$24.1 million for the Current Quarter and Prior Quarter, respectively. Changes to fuel prices impact our transportation costs, which affects the results of our operations.

How We Evaluate Our Operations

We use a variety of operational and financial metrics to assess our performance. Among other measures, management considers each of the following:

- Revenue;
- Gross Profit;

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- Gross Margins;
- EBITDA;
- Adjusted EBITDA;
- Cash Flows; and
- Free Cash Flow.

Revenue

We analyze our revenue and assess our performance by comparing actual monthly revenue to our internal projections and across periods. We also assess incremental changes in revenue compared to incremental changes in direct operating costs, and selling, general and administrative expenses across our reportable segments to identify potential areas for improvement, as well as to determine whether segment performance is meeting management's expectations.

Gross Profit

To measure our financial performance, we analyze our gross profit, which we define as revenues less direct operating expenses (including depreciation, amortization and accretion expenses). We believe gross profit provides insight into profitability and the true operating performance of our assets. We also compare gross profit to prior periods and across segments to identify trends as well as underperforming segments.

Gross Margins

Gross margins provide an important gauge of how effective we are at converting revenue into profits. This metric works in tandem with gross profit to ensure that we do not seek to increase gross profit at the expense of lower margins, nor pursue higher gross margins at the expense of declining gross profits. We track gross margins by segment and service line and compare them across prior periods and across segments and service lines to identify trends as well as underperforming segments.

EBITDA and Adjusted EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus interest expense, income taxes, and depreciation, amortization and accretion. We define Adjusted EBITDA as EBITDA plus any impairment and abandonment charges or asset write-offs pursuant to accounting principles generally accepted in the U.S. ("GAAP"), plus non-cash losses on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and non-recurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities-related exit and disposal-related expenditures, plus/(minus) foreign currency losses/(gains), plus/(minus) losses/(gains) on unconsolidated entities and plus tax receivable agreements expense. The adjustments to EBITDA are generally consistent with such adjustments described in our Sustainability-Linked Credit Facility. See "—Comparison of Non-GAAP Financial Measures—EBITDA and Adjusted EBITDA" for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Cash Flows and Free Cash Flow

We define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, plus proceeds received from sales of property and equipment. Our board of directors and executive management team use free cash flow to assess our liquidity and ability to fund operations, make additional investments, pay dividends and distributions, repay maturing debt and repurchase common stock. We believe free cash flow provides

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similarly useful information to investors for assessing the recent and ongoing financial and operational performance, outlook and liquidity position of the Company. Our measure of free cash flow may not be directly comparable to similar measures reported by other companies. Furthermore, free cash flow is not a substitute for, or more meaningful than, net cash provided by (used in) operating activities nor any other measure prescribed by GAAP, and there are limitations to using non-GAAP measures such as free cash flow. Accordingly, free cash flow should not be considered a measure of the income generated by our business or discretionary cash available to it to invest in the growth of our business.

Factors Affecting the Comparability of Our Results of Operations to Our Historical Results of Operations

Our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below and those described in “—Recent Developments” above.

Acquisition Activity

As described above, we continuously evaluate potential investments, particularly in water infrastructure and other water-related services and technology. To the extent we consummate acquisitions, any incremental revenues or expenses from such transactions are not included in our historical results of operations.

During the Current Quarter, we completed three asset acquisitions. Our historical financial statements for periods prior to the respective date each acquisition was completed do not include the results of operations of that acquisition. See “—Recent Developments” and “Note 3—Acquisitions” for a description of these transactions.

Results of Operations

The following tables set forth our results of operations for the periods presented, including revenue by segment.

Current Quarter Compared to the Prior Quarter

	Three months ended March 31,		Change	
	2025	2024	Dollars	Percentage
	(in thousands)			
Revenue				
Water Infrastructure	\$ 72,391	\$ 63,508	\$ 8,883	14.0 %
Water Services	225,648	228,307	(2,659)	(1.2)%
Chemical Technologies	76,345	74,733	1,612	2.2 %
Total revenue	374,384	366,548	7,836	2.1 %
Costs of revenue				
Water Infrastructure	33,493	33,692	(199)	(0.6)%
Water Services	181,718	181,532	186	0.1 %
Chemical Technologies	64,728	61,755	2,973	4.8 %
Depreciation, amortization and accretion	38,675	36,892	1,783	4.8 %
Total costs of revenue	318,614	313,871	4,743	1.5 %
Gross profit	55,770	52,677	3,093	5.9 %
Operating expenses				
Selling, general and administrative	37,432	43,980	(6,548)	(14.9)%
Depreciation and amortization	925	1,258	(333)	(26.5)%
Impairments and abandonments	1,148	45	1,103	NM
Lease abandonment costs	724	389	335	86.1 %
Total operating expenses	40,229	45,672	(5,443)	(11.9)%
Income from operations	15,541	7,005	8,536	121.9 %
Other income (expense)				
Gain on sales of property and equipment and divestitures, net	1,365	325	1,040	320.0 %
Interest expense, net	(4,876)	(1,272)	(3,604)	283.3 %
Other	329	(282)	611	NM
Income before income tax expense and equity in earnings (losses) of unconsolidated entities	12,359	5,776	6,583	114.0 %
Income tax expense	(2,894)	(1,452)	(1,442)	99.3 %
Equity in earnings (losses) of unconsolidated entities	95	(449)	544	NM
Net income	\$ 9,560	\$ 3,875	\$ 5,685	146.7 %

Revenue

Our revenue increased by \$7.8 million, or 2.1%, to \$374.4 million for the Current Quarter compared to \$366.5 million for the Prior Quarter. This increase was composed of an \$8.9 million increase in Water Infrastructure revenue and a \$1.6 million increase in Chemical Technologies revenue partially offset by a \$2.7 million decrease in Water Services revenue. The net \$7.8 million increase was driven primarily by recent capital investments in our Water Infrastructure segment and enhanced sales performance in Chemical Technologies. For the Current Quarter, our Water Infrastructure, Water Services and Chemical Technologies constituted 19.3%, 60.3% and 20.4% of our total revenue, respectively, compared to 17.3%, 62.3% and 20.4%, respectively, for the Prior Quarter. The revenue changes by reportable segment are as follows:

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Water Infrastructure. Revenue increased \$8.9 million, or 14.0%, to \$72.4 million for the Current Quarter compared to \$63.5 million for the Prior Quarter. The increase was primarily driven by additional disposal and landfill revenue from 2024 acquisitions and organic growth in our recycling business line supported by recent capital investments, partially offset by lower pipeline distribution volumes.

Water Services. Revenue decreased \$2.7 million, or 1.2%, to \$225.6 million for the Current Quarter compared to \$228.3 million in the Prior Quarter. The decrease reflects declines across water sourcing, fluids hauling, poly and containment, and well testing services, partially offset by increased water transfer revenue.

Chemical Technologies. Revenue increased by \$1.6 million, or 2.2%, to \$76.3 million for the Current Quarter compared to \$74.7 million for the Prior Quarter. The increase in revenues was primarily driven by enhanced sales performance.

Costs of Revenue

Costs of revenue increased \$4.7 million, or 1.5%, to \$318.6 million for the Current Quarter compared to \$313.9 million for the Prior Quarter. The increase was primarily composed of a \$3.0 million increase in Chemical Technologies costs, a \$0.2 million increase in Water Services costs and a \$1.8 million increase in depreciation, amortization and accretion partially offset by a \$0.2 million decrease in Water Infrastructure costs.

Water Infrastructure. Costs of revenue decreased \$0.2 million, or 0.6%, to \$33.5 million for the Current Quarter compared to \$33.7 million for the Prior Quarter. Cost of revenue as a percentage of revenue decreased from 53.1% to 46.3% due primarily to an increase in gathering and disposal margin benefitted by the margin accretive contributions of recently acquired disposal operations, improved operational utilization and execution, as well as higher skim oil sales. Additionally, growth in high-margin recycling revenue, supported by our recent organic capital projects, favorably impacted gross margin, which was partially offset by a decline in high-margin pipeline revenue.

Water Services. Costs of revenue increased \$0.2 million, or 0.1%, to \$181.7 million for the Current Quarter compared to \$181.5 million for the Prior Quarter. As a percentage of revenue, cost of revenue increased from 79.5% in the Prior Quarter to 80.5% in the Current Quarter. This increase was primarily driven by a decline in water sourcing revenue and reduced margins in the water transfer and poly and containment business lines, reflecting selective price reductions implemented to retain key customer relationships. These impacts were partially offset by improved gross margins in our well testing and fluids hauling business lines, attributable to continued cost discipline and operational efficiencies.

Chemical Technologies. Costs of revenue increased \$3.0 million, or 4.8%, to \$64.7 million for the Current Quarter compared to \$61.8 million for the Prior Quarter. Cost of revenue as a percentage of revenue increased from 82.6% to 84.8% primarily driven by modest price reductions stemming from macroeconomic factors.

Depreciation, amortization and accretion. Depreciation, amortization and accretion expense increased \$1.8 million, or 4.8%, to \$38.7 million for the Current Quarter compared to \$36.9 million for the Prior Quarter primarily due to a higher fixed asset base resulting from recent acquisitions as well as increased capital expenditures made into new organic infrastructure projects.

Gross Profit

Gross profit was \$55.8 million for the Current Quarter compared to \$52.7 million for the Prior Quarter primarily driven by a \$9.1 million increase in gross profit from our Water Infrastructure segment, partially offset by a \$2.8 million decline in our Water Services segment, a \$1.4 million decline in our Chemical Technologies segment and a \$1.8 million increase in depreciation, amortization and accretion expense. Gross margin as a percentage of revenue was 14.9% and 14.4% in the Current Quarter and Prior Quarter, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$6.5 million, or 14.9%, to \$37.4 million for the Current Quarter compared to \$44.0 million for the Prior Quarter. The decrease was primarily driven by \$3.8 million in lower transaction and rebranding costs, a \$2.6 million decline in incentive and equity-based compensation, a \$1.2 million reduction in legal and professional fees, a \$0.9 million reduction in contract labor and a \$0.6 million reduction in severance expense, partially offset by a \$1.1 million increase in wages, associated payroll taxes, and employer 401(k) matching contributions, \$1.0 million in higher information technology costs and \$0.5 million from a combination of other expenses.

Impairments and Abandonments

During the Current Quarter, we recognized \$1.1 million in impairments and abandonments, consisting of \$0.6 million in the Water Services segment related to the relocation of operations from a leased facility and \$0.5 million in the Water Infrastructure segment associated with the termination of a disposal lease.

Net Interest Expense

Net interest expense increased by \$3.6 million, or 283.3%, to \$4.9 million for the Current Quarter compared to \$1.3 million in the Prior Quarter due to interest on the new Term Loan Facility as well as higher amortization of deferred debt issuance costs in connection with our new Sustainability-Linked Credit Facility and extinguishment costs related to our Prior Sustainability-Linked Credit Facility.

Net Income

Net income increased by \$5.7 million, or 146.7%, to \$9.6 million for the Current Quarter compared to \$3.9 million for the Prior Quarter, driven primarily by higher gross profit and lower selling, general and administrative expenses partially offset by higher net interest expense and higher income tax expense.

Comparison of Non-GAAP Financial Measures

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus interest expense, income taxes, and depreciation, amortization and accretion. We define Adjusted EBITDA as EBITDA plus any impairment and abandonment charges or asset write-offs pursuant to GAAP, plus non-cash losses on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and non-recurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities-related exit and disposal-related expenditures, plus/(minus) foreign currency losses/(gains), plus/(minus) losses/(gains) on unconsolidated entities and plus tax receivable agreements expense. The adjustments to EBITDA are generally consistent with such adjustments described in our Sustainability-Linked Credit Facility. See “—Comparison of Non-GAAP Financial Measures” for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Our board of directors, management and investors use EBITDA and Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation, amortization and accretion) and items outside the control of our management team. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

Note Regarding Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance and results of operations. Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as an analytical tool due to the exclusion of some but not all items that affect the most directly comparable GAAP financial measures. One should not consider EBITDA or Adjusted EBITDA in isolation or as substitutes for an analysis of our results as reported under GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

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The following table sets forth our reconciliation of EBITDA and Adjusted EBITDA to our net income, which is the most directly comparable GAAP measure for the periods presented:

	Three months ended March 31,	
	2025	2024
Net income	\$ 9,560	\$ 3,875
Interest expense, net	4,876	1,272
Income tax expense	2,894	1,452
Depreciation, amortization and accretion	39,600	38,150
EBITDA	56,930	44,749
Non-cash compensation expenses	3,481	6,359
Non-recurring severance expenses ⁽¹⁾	—	648
Non-cash loss on sale of assets or subsidiaries ⁽²⁾	173	1,748
Transaction and rebranding costs ⁽³⁾	1,183	4,929
Lease abandonment costs	724	389
Impairments and abandonments	1,148	45
Equity in (earnings) losses of unconsolidated entities	(95)	449
Other	487	442
Adjusted EBITDA	\$ 64,031	\$ 59,758

- (1) For the Prior Quarter, these costs related to severance costs associated with our former CFO.
- (2) For all periods presented, the losses were due primarily to sales of real estate and underutilized or obsolete property and equipment.
- (3) For all periods presented, these costs were due primarily to legal-related due diligence costs and rebranding costs as well as costs related to certain acquired subsidiaries.

EBITDA was \$56.9 million for the Current Quarter compared to \$44.7 million for the Prior Quarter. The \$12.2 million increase in EBITDA was driven primarily by a \$4.9 million increase in gross profit, a \$6.5 million decrease in selling, general and administrative expense and a \$1.0 million increase in gains on asset sales. Adjusted EBITDA was \$64.0 million for the Current Quarter compared to \$59.8 million for the Prior Quarter.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash on hand, borrowing capacity under the Sustainability-Linked Credit Facility, cash flows from operations and proceeds from the sale of excess property and equipment. Our primary uses of capital have been to fund current operations, maintain our asset base, implement technological advancements, make capital expenditures to support organic growth, fund acquisitions and equity investments, pay dividends and distributions, and when appropriate, repurchase shares of Class A common stock in the open market. Depending on available opportunities, market conditions and other factors, we may also issue debt and equity securities in the future, if needed.

We prioritize sustained positive free cash flow and a strong balance sheet and evaluate potential acquisitions and investments in the context of those priorities, in addition to the economics of the opportunity. We believe this approach provides us with additional flexibility to evaluate larger investments as well as improved resilience in a sustained downturn versus many of our peers.

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Based on our current cash and cash equivalents balance, operating cash flow, available borrowings under our Sustainability-Linked Credit Facility and the ongoing actions discussed above, we believe that we will be able to maintain sufficient liquidity to satisfy our obligations and remain in compliance with our existing debt covenants through the next twelve months and beyond, prior to giving effect to any future financing that may occur.

We intend to finance most of our capital expenditures, contractual obligations and working capital needs with cash on hand, cash generated from operations and borrowings under our Sustainability-Linked Credit Facility. For a discussion of the Sustainability-Linked Credit Facility, see “—Sustainability-Linked Credit Facility” below. Although we cannot provide any assurance, we believe that our current cash balance, operating cash flow and available borrowings under our Sustainability-Linked Credit Facility will be sufficient to fund our operations for at least the next twelve months.

During the fourth quarter of 2022, we initiated a quarterly dividend and distribution program of \$0.05 per share and \$0.05 per unit for holders of Class A and Class B shares, respectively. We paid quarterly dividends at the same rate through the third quarter of 2023, then the board of directors increased the quarterly dividend paid on November 17, 2023 to \$0.06 per share and \$0.06 per unit for holders of Class A and Class B shares, respectively. We paid quarterly dividends at the same rate through the third quarter of 2024, then the board of directors increased the quarterly dividend paid on November 15, 2024 to \$0.07 per share and \$0.07 per unit for holders of Class A and Class B shares, respectively. This resulted in a financing outflow of \$8.6 million in the Current Quarter, and this quarterly dividend program is expected to continue. All future dividend payments are subject to quarterly review and approval by our board of directors.

As of March 31, 2025 cash and cash equivalents totaled \$27.9 million, and we had approximately \$232.3 million of available borrowing capacity under our Sustainability-Linked Credit Facility. As of March 31, 2025, we had \$250.0 million in outstanding indebtedness, the borrowing base for the Revolving Credit Facility under the Sustainability-Linked Credit Facility was \$252.2 million, the borrowing base for the Term Loan Facility under the Sustainability-Linked Credit Facility was \$426.3 million and outstanding letters of credit totaled \$19.9 million. As of May 5, 2025, we had \$250.0 million in outstanding indebtedness, the borrowing base for the Revolving Credit Facility under the Sustainability-Linked Credit Facility was \$271.4 million, the borrowing base for the Term Loan Facility under the Sustainability-Linked Credit Facility was \$426.3 million, the outstanding letters of credit totaled \$19.9 million, and the available borrowing capacity under the Sustainability-Linked Credit Facility was \$251.5 million.

Note Regarding Non-GAAP Financial Measures

We define free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment, plus proceeds received from sale of property and equipment. Our board of directors and executive management team use free cash flow to assess our liquidity and ability to repay maturing debt, fund operations and make additional investments. We believe free cash flow provides useful information to investors because it is an important indicator of our liquidity, including our ability to reduce net debt, make strategic investments, pay dividends and distributions and repurchase common stock. Our measure of free cash flow may not be directly comparable to similar measures reported by other companies. Furthermore, free cash flow is not a substitute for, or more meaningful than, net cash provided by (used in) operating activities nor any other measure prescribed by GAAP, and there are limitations to

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using non-GAAP measures such as free cash flow. Accordingly, free cash flow should not be considered a measure of the income generated by our business or discretionary cash available to it to invest in the growth of our business.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three months ended March 31,		Change	
	2025	2024	Dollars	Percentage
	(in thousands)			
Net cash (used in) provided by operating activities	\$ (5,061)	\$ 32,129	\$ (37,190)	(115.8)%
Net cash used in investing activities	(132,522)	(136,908)	4,386	3.2 %
Net cash provided by financing activities	145,499	60,451	85,048	140.7 %
Subtotal	7,916	(44,328)		
Effect of exchange rate changes on cash and cash equivalents	(2)	(2)	—	NM
Net increase (decrease) in cash and cash equivalents	\$ 7,914	\$ (44,330)		

Analysis of Cash Flow Changes between the three months ended March 31, 2025 and 2024

Operating Activities. Net cash used in operating activities was \$5.1 million for the Current Quarter, compared to \$32.1 million of net cash provided by operating activities for the Prior Quarter. The \$37.2 million decrease is comprised of a \$43.3 million reduction in converting working capital to cash, primarily associated with increased accounts receivable, offset by an increase of \$6.1 million of net income combined with non-cash adjustments.

Investing Activities. Net cash used in investing activities was \$132.5 million for the Current Quarter, compared to \$136.9 million for the Prior Quarter. The \$4.4 million decrease in net cash used in investing activities was due primarily to a \$94.3 million decrease spent for acquisitions net of cash received partially offset by a \$72.1 million investment in unconsolidated entities during the Current Quarter, a \$14.7 million increase in purchases of property and equipment and a \$3.2 million decrease in proceeds received from sales of property and equipment.

Financing Activities. Net cash provided by financing activities was \$145.5 million for the Current Quarter, compared to \$60.5 million for the Prior Quarter. The \$85.0 million increase in net cash provided by financing activities was due primarily to borrowings net of debt repayments increasing \$90.0 million, \$2.9 million of cash received from noncontrolling interest holders in the Current Quarter and a \$0.7 million decrease in repurchases of shares of Class A common stock partially offset by \$7.4 million of debt issuance costs in the Current Quarter and a \$1.1 million increase in dividends and distributions paid.

Free Cash Flow

The following table summarizes our free cash flow for the periods indicated:

	Three months ended March 31,	
	2025	2024
	(in thousands)	
Net cash (used in) provided by operating activities	\$ (5,061)	\$ 32,129
Purchase of property and equipment	(48,427)	(33,763)
Proceeds received from sale of property and equipment	1,944	5,166
Free cash flow	\$ (51,544)	\$ 3,532

Sustainability-Linked Credit Facility

On January 24, 2025 (the “Closing Date”), SES Holdings, LLC (“SES Holdings”), a subsidiary of the Company, Select Water Solutions, LLC, a subsidiary of SES Holdings (the “Select LLC”), Bank of America, N.A., as

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administrative agent, issuing lender and swingline lender (the “Administrative Agent”), and the other lenders party thereto, entered into that certain sustainability-linked senior secured credit facility (the “Sustainability-Linked Credit Facility”), which initially provides for \$300.0 million in revolving commitments (the “Revolving Credit Facility”) and \$250.0 million in term commitments (the “Term Loan Facility”), in each case, subject to a borrowing base. The Sustainability-Linked Credit Facility also has a sublimit of \$50.0 million for letters of credit and a sublimit of \$30.0 million for swingline loans. Subject to obtaining commitments from existing or new lenders, Select LLC has the option to increase the maximum amount under the sustainability-linked senior secured credit facility by (i) \$150.0 million for additional revolving commitments and (ii) \$50.0 million for additional term commitments, in each case, during the first four years following the Closing Date. As of the Closing Date, (i) there were no borrowings outstanding under the Revolving Credit Facility and approximately \$20 million of letters of credit issued and outstanding thereunder and (ii) the Term Loan Facility was fully funded. Capitalized terms used but not defined herein have the meaning ascribed to them in the Sustainability-Linked Credit Facility.

Refer to “Note 8—Debt” for further discussion of the Sustainability-Linked Credit Facility.

Contractual Obligations

Our contractual obligations include, among other things, our Sustainability-Linked Credit Facility and operating leases. Refer to “Note 6—Leases” in our 2024 Form 10-K for operating lease obligations as of December 31, 2024 and “Note 8—Debt” in Part I, Item 1 of this Quarterly Report for an update to our Sustainability-Linked Credit Facility as of March 31, 2025.

Critical Accounting Policies and Estimates

There were no changes to our critical accounting policies from those disclosed in our 2024 Form 10-K.

Recent Accounting Pronouncements

Refer to “Note 2—Significant Accounting Policies” for recent accounting pronouncements.

Off-Balance-Sheet Arrangements

As of March 31, 2025, we had no material off-balance-sheet arrangements. As such, we are not exposed to any material financing, liquidity, market or credit risk that could arise if we had engaged in such financing arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The demand, pricing and terms for oilfield services provided by us are largely dependent upon the level of drilling and completion activity in the U.S. oil and gas industry as well as the level of oil and gas production. The level of drilling and completion activity is influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and gas; war, armed conflicts, economic sanctions and other constraints to global trade and economic growth; current price levels as well as expectations about future prices of oil and gas, including announcements and actions taken by the members of OPEC+ with respect to oil production levels; such as announced production cuts and the willingness of member countries to follow such cuts; the magnitude and timing of capital spending by our customers; the cost of exploring for, developing, producing and delivering oil and gas; the extent to which our E&P customers choose to drill and complete new wells to offset decline from their existing wells; the extent to which our E&P customers choose to invest to grow production; discoveries of new oil and gas reserves; available storage capacity and pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; instability in oil-producing countries; environmental regulations; technical advances in alternative forms of energy (e.g., wind and solar electricity, electric vehicles) that encourage substitution for or displacement of oil and gas consumption in end-use markets; the price and availability of alternative fuels; the ability of oil and gas producers to raise equity capital and debt financing; changes in global trade policy, including the imposition of tariffs; global health events; merger and acquisition activity and consolidation in our industry, and other factors.

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Any combination of these factors that results in sustained low oil and gas prices and, therefore, lower capital spending and / or reduced drilling and completion activity by our customers, would likely have a material adverse effect on our business, financial condition, results of operations and cash flows.

Interest Rate Risk

As of March 31, 2025, we had \$250.0 million in outstanding borrowings and \$232.3 million of available borrowing capacity under our Sustainability-Linked Credit Facility. As of May 5, 2025, we had \$250.0 million in outstanding borrowings and \$251.5 million of available borrowing capacity under our Sustainability-Linked Credit Facility. Interest is calculated under the terms of our Sustainability-Linked Credit Facility based on our selection, from time to time, of one of the index rates available to us plus an applicable margin that varies based on certain factors. We do not currently have or intend to enter into any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2025.

Changes in Internal Control over Financial Reporting

In February 2025, the Company completed the implementation of its new enterprise resource planning ("ERP") software system and modified certain existing internal control processes and procedures related to the new system. These changes did not materially affect our internal control over financial reporting. As the Company implements new functionality under this ERP system, the Company will continue to assess the impact on its internal control over financial reporting. Other than described pursuant to the foregoing, there were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations or cash flows. We are, however, named defendants in certain lawsuits, investigations and claims arising in the ordinary course of conducting our business, including certain environmental claims and employee-related matters, and we expect that we will be named

defendants in similar lawsuits, investigations and claims in the future. While the outcome of these lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. We have not assumed any liabilities arising out of these existing lawsuits, investigations and claims.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to various risks and uncertainties as disclosed in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 Form 10-K”). The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, Risk Factors of our 2024 Form 10-K, which are incorporated herein by reference. You should carefully consider the risks set forth in our 2024 Form 10-K and the following risks, together with all the other information in this report, including our condensed consolidated financial statements and notes thereto. If any of the risks actually materialize, our operating results, financial condition and liquidity could be materially and adversely affected. Except as disclosed below, there have been no material changes from the risk factors disclosed in our 2024 Form 10-K. The following risk factors below are hereby added to the risk factors disclosed in our 2024 Form 10-K.

Our investment in AV Farms could be materially and adversely affected by our lack of sole decision-making authority, our reliance on our co-investors’ financial condition, and disputes between our co-investors and us.

As described in *Note 1—Business and Basis of Presentation*, we recently entered into a new arrangement with C&A and Geneses pursuant to which we have jointly invested in AV Farms and AV GP. AV Farms was formed to consolidate and commercialize one of the largest water holdings and storage portfolios in Colorado. Currently, we, C&A and Geneses own approximately 39%, 38% and 23%, respectively, of AV Farms and 25%, 50% and 25%, respectively, of AV GP. We have contributed \$72 million in capital to AV Farms during the first quarter of 2025 and expect to contribute approximately \$74 million in additional contributions over a three-year period. As such, we may not have a controlling interest in AV Farms and may share responsibility with C&A and Geneses for managing the operations of AV Farms as we may not have sole decision-making authority regarding AV Farms, which presents risks that may not be present in our other operations. For example, C&A or Geneses may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our preferences, policies or objectives. Additionally, it is possible that C&A or Geneses might become bankrupt, fail to fund their share of capital contributions or block or delay decisions that we believe are necessary. Such an investment may also have the potential risk of impasses on decisions, such as sales, because neither we nor C&A and Geneses may have full control over AV Farms. Disputes between us and C&A or Geneses may result in litigation or arbitration that would increase our expenses and divert the attention of our officers and directors from other aspects of our business. We may in certain circumstances be liable for the actions of such third parties. Any of the foregoing factors could materially and adversely affect our AV Farms investment.

We have recently completed implementing our new ERP system, and challenges with the implementation of the system may adversely impact our business and operations.

In February 2025, we completed an implementation of a new ERP software system, which replaced certain existing business, operational, and financial processes and systems. This ERP implementation project will continue to require the re-engineering of business processes, and the attention of many employees who would otherwise be focused on other areas of our business. This system change entails certain risks, including difficulties with changes in business processes that could disrupt our operations. In addition, the implementation of the new system may not achieve the anticipated benefits and may divert management’s attention from other operational activities, negatively affect employee morale, or have other unintended consequences. Delays in integration or disruptions to our business from the implementation of new or upgraded systems could have a material adverse impact on our financial condition and operating results. The ERP implementation has required the integration of the new ERP with multiple information systems and business processes, and has been designed to continue to accurately maintain our books and records and provide timely information to our management team important to maximizing the operating efficiency of the business. Conversion from our old systems to the new ERP may cause inefficiencies until the ERP is stabilized and mature. The implementation of our new ERP will mandate subtle changes to our procedures and controls over financial reporting. If

we are unable to adequately implement and maintain procedures and controls relating to our new ERP, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired and impact our assessment of the effectiveness of our internal controls over financial reporting.

Changes in U.S. and international trade policies, such as the imposition of tariffs, particularly involving China, may adversely impact our business and operating results.

Though a comprehensive trade agreement was signed in 2020 between the U.S. and China, a trade war has rapidly escalated in the early months of 2025, with current minimum U.S. tariffs on goods imported from China set at 145%, including up to 245% on certain goods, and current Chinese tariffs on goods imported from the U.S. set at 125%. Approximately 9% of the raw material feedstock for our chemicals we produced in 2024 originated in China and were sold to us by our supplier partners. As a result, tariffs incurred by our supplier partners could increase our costs significantly and reduce profitability. Such elevated tariff rates may substantially increase the costs for certain products. Select sources and, more importantly, our customers source from China, while also effectively pricing out U.S. oil, natural gas and NGLs from the Chinese market, which may adversely affect our customers as China is a major importer of oil, natural gas and NGLs globally. The continuation, expansion or worsening of these tariffs may adversely affect the industry in which we operate and reduce demand for our services. Further, the escalating trade war has resulted in a suspension of China's imports of U.S. natural gas. As the world's largest importer of natural gas, the loss of access to the market could have an adverse effect on our customers' operations and the demand for their products.

Additionally, delays or interruptions in the supply of some chemicals for any reason could impact our ability to generate chemicals revenue. If we are forced to source chemicals currently originating in China from other countries, such compounds might be more expensive, inferior in quality, or take longer to source. If we incur higher costs that we cannot pass on to our customers or if we are unable to adequately replace the chemicals we currently source with chemicals produced elsewhere, our business could be adversely affected.

In addition to tariffs on Chinese imports, the U.S. administration has announced sweeping tariffs against a majority of other nations, with a universal 10% base tariff and a schedule of reciprocal tariffs. The U.S. is a major exporter of oil, gas and NGLs and may no longer be able to compete with global prices due to the tariffs on oil, gas and NGLs if other nations retaliate with their own tariffs, and such tariffs may reduce the demand for our customers' products.

While the reciprocal tariffs imposed by the U.S. against many other nations are currently deferred, to the extent that any future U.S. trade policy results in retaliatory tariffs against the U.S., such as the escalated retaliatory tariffs with China, such developments could have an adverse effect on our customers' business, and reduce demand for our services, which could have a material adverse effect on our business, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Common Stock Repurchases Made in the Quarter

During the Current Quarter, we repurchased the shares of Class A Common Stock as shown in the table below, which included 544,287 shares purchased to satisfy the cashless exercise of options and tax withholding obligations related to vested shares under the Select Energy Services, Inc. 2016 Equity Incentive Plan previously awarded to certain of our current and former employees.

Period	Total Number of Shares Purchased	Weighted-Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ⁽²⁾
January 1, 2025 to January 31, 2025	6,036	\$13.75	—	\$21,177,432
February 1, 2025 to February 28, 2025	398,498	\$12.37	—	\$21,177,432
March 1, 2025 to March 31, 2025	139,753	\$9.68	—	\$21,177,432

(1) The average price paid per share includes commissions.

(2) On November 8, 2023, our board of directors authorized a share repurchase program of up to \$25.0 million of outstanding shares of Class A common stock. This new authorization was in addition to the \$7.5 million remaining outstanding under our previous authorization, as of November 8, 2023. Repurchases under the share repurchase program may be made at any time or from time to time, without prior notice, in the open market or in privately negotiated transactions at prevailing market prices, or such other means as will comply with applicable state and federal securities laws and regulations, including the provisions of the Securities Exchange Act of 1934, including Rule 10b5-1 and, to the extent practicable or advisable, Rule 10b-18 thereunder, and consistent with the Company's contractual limitations and other requirements.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended March 31, 2025, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K.

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Item 6. Exhibits

The following exhibits are filed, furnished or incorporated by reference, as applicable, as part of this report.

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation of Select Water Solutions, Inc. dated as of May 8, 2023 (incorporated by reference herein to Exhibit 3.1 to Select Water Solutions, Inc.'s Current Report on Form 8-K, filed May 8, 2023).
3.2	Third Amended and Restated Bylaws of Select Water Solutions, Inc. dated as of May 8, 2023 (incorporated by reference herein to Exhibit 3.2 to Select Water Solutions, Inc.'s Current Report on Form 8-K, filed May 8, 2023).
10.1	Credit Agreement, dated as of January 24, 2025, by and among Select Water Solutions, LLC, SES Holdings, LLC, Bank of America, N.A., as swingline lender, as issuing lender and as administrative agent, the other agents and the arrangers named therein, and the lenders from time to time party thereto (incorporated by reference herein to Exhibit 10.1 to Select Water Solutions, Inc.'s Current Report on Form 8-K, filed January 29, 2025).
*10.2	Limited Partnership Agreement of AV Farms, LP, dated as of February 14, 2025.
*10.3	Limited Liability Company Agreement of AV Farms Management, LLC, dated February 14, 2025.
*31.1	Certification of Chief Executive Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
*31.2	Certification of Chief Financial Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934.
**32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Equity, (v) Consolidated Statements of Cash Flow, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith

**Furnished herewith

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SELECT WATER SOLUTIONS, INC.

Date: May 7, 2025

By: /s/ John D. Schmitz
John D. Schmitz
Chairman, President and Chief Executive Officer

Date: May 7, 2025

By: /s/ Chris George
Chris George
Executive Vice President and Chief Financial Officer

** Certain information has been excluded from this exhibit because it is both non-material and the type of information that registrant treats as private and / or confidential. Omissions are redacted in the black highlights.

**LIMITED PARTNERSHIP AGREEMENT OF
AV FARMS, LP,
a Delaware limited partnership**

THE LIMITED PARTNERSHIP INTERESTS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. THE LIMITED PARTNERSHIP INTERESTS MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE SECURITIES ACT OR UNLESS EXEMPTIONS FROM REGISTRATION UNDER SUCH ACTS ARE AVAILABLE

This Limited Partnership Agreement, dated as of February 14, 2025 (this “Agreement”), of AV Farms, LP, a Delaware limited partnership (the “Partnership”), is made and entered into by and among AV Farms Management, LLC, a Colorado limited liability company (the “General Partner”), as general partner, C&A Rollover Company, LLC (“C&A”), Select Water Reuse, LLC (“Select”), Geneses Water, L.P. (“Geneses”) and together with C&A and Select, each a “Limited Partner” and collectively as the “Limited Partners” and together with the General Partner, the “Partners”).

The parties do hereby agree as follows:

**ARTICLE I
DEFINED TERMS**

The defined terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article I.

Section 1.1 Definitions. When used in this Agreement, the following terms will have the meanings set forth below.

“Act” means the Delaware Revised Uniform Limited Partnership Act, as now in effect and as hereafter amended.

“Adjusted Capital Account” means the Capital Account maintained for each Partner which is determined as of the end of each Fiscal Year, or other appropriate occasion, (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or the Regulations or is deemed to be obligated to restore pursuant to the Regulations. The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of the Regulations and shall be interpreted consistently therewith.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Adjusted Capital Account as of the end of the relevant Fiscal Year or other appropriate occasion.

“Affiliate” or “Affiliated” means, as to any Person, any other Person that directly or indirectly, through one or more intermediaries controls, is controlled by, or is under common control with such specified Person. For the purposes of this Agreement, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “affiliated,” “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” has the meaning specified in the Preamble.

“**Asset**” means any interest of the Partnership in any property or asset of any kind or nature whatsoever, regardless of whether such interest may be tangible, intangible, mature, inchoate, contingent, unliquidated, asserted, or certain.

“**Attorney-in-Fact**” shall mean the General Partner, any Liquidator (and any authorized partners, officers and attorneys-in-fact thereof), in each case with power of substitution, appointed and constituted as such by each Partner hereof in accordance with the terms and provisions contained herein.

“**Authorized Change of Control**” shall have the meaning specified in Section 8.10 hereof.

“**C&A**” has the meaning set forth in the Preamble.

“**Call Price**” means, as of any date and in respect of a Limited Partner’s Units, the amount which (in a hypothetical sale of all of the assets of the Partnership in an arm’s length transaction to an unaffiliated third party (“Partnership Asset Sale”), after all liabilities of the Partnership were satisfied and after liquidating distributions were made to all of the holders of Units in accordance with the provisions of this Agreement and after including any prior cumulative distributions made to the Limited Partners pursuant to Section 6.1) would provide a return to such Limited Partner equal to the greater of (i) the amount which represents a [REDACTED] net internal rate of return on the Limited Partner’s aggregate Capital Contributions (calculated using the XIRR function in Microsoft Excel for the period commencing on the date such Capital Contributions were made through the end of the month immediately prior to the date of determination of the Call Price) and (ii) the amount which represents a net MOIC of [REDACTED], all as more particularly set forth on Schedule II as an example (assuming that the Call Option is exercised at the beginning of year 4). For purposes of computing the above internal rate of return or net MOIC, as applicable, the sum of (A) costs reasonably incurred by the General Partner in connection with the exercise of such Call Option and (B) any accrued but unpaid Carried Interest owed to the General Partner from such Limited Partner will be added. Notwithstanding the foregoing, in the event that the Partnership has commenced the municipal bond financing contemplated by Section 6.6 prior to the third anniversary of the Effective Date, the “Call Price” shall be equal to the Fair Market Value of the Units in lieu of the formula set forth above.

“**Call Option**” shall have the meaning specified in Section 8.8 hereof.

“**Capital Account**” means, with respect to any Partner, an account that initially has a balance equal to the initial Capital Contribution of such Partner as reflected in the books and records of the Partnership and that is increased by (i) the amount of additional cash and the Gross Asset Value of any additional property subsequently contributed by such Partner to the capital of the Partnership (net of liabilities secured by such contributed property that the Partnership is considered to assume or to take subject to under Section 752 of the Code), (ii) the amount of any Net Profits allocated to such Partner from and after the Effective Date pursuant to Section 5.2 hereof, and (iii) the amount of any special allocations of income or gain to such Partner pursuant to Section 5.4 hereof, and decreased by (a) the amount of money distributed to such Partner by the Partnership from and after the Effective Date in respect of the Partnership Interest of such Partner, (b) the amount of the Gross Asset Value of any property distributed to such Partner by the Partnership from and after the Effective Date (net of liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Section 752 of the Code), (c) the amount of any Net Losses allocated to such Partner from and after the Effective Date pursuant to Section 5.3 hereof, and (d) the amount of any special allocation of deductions or losses to such Partner pursuant to Section 5.4 hereof.

If the Partnership at any time distributes any of its Assets in-kind to any Partner, the Capital Account of each Partner shall be adjusted to account for that Partner’s allocable share (as determined

under Article V below) of the income, gain, loss and deduction that would have been realized by the Partnership had it sold the Assets distributed for their respective Fair Market Values immediately prior to their distribution. The Capital Accounts of the Partners may also be adjusted to reflect a revaluation of the Assets to their Fair Market Values on the date of adjustment upon the occurrence of any of the following events:

- (1) An increase in any new or existing Partner's Partnership Interest resulting from the contribution of money or property by such Partner to the Partnership including a conversion of debt into a Partnership Interest;
- (2) Any reduction in a Partner's Partnership Interest resulting from a distribution to such Partner in consideration of all or part of his Partnership Interest, unless such distribution is pro rata to all Partners; and
- (3) Whenever else allowed under Regulations Section 1.704-1(b)(2)(iv)(f).

The adjustments to Capital Accounts shall reflect the manner in which the unrealized income, gain, loss and deduction inherent in the property would be allocated if there were a disposition of the Partnership's property at its Fair Market Value on the date of adjustment.

A Partner's Capital Account shall not be adjusted to reflect gain or loss attributable to the disposition of property contributed by such Partner to the extent such Partner's Capital Account reflected such inherent gain or loss in the property on the date of its contribution to the Partnership.

The foregoing Capital Account definition and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with, and shall be interpreted and applied in a manner consistent with, the Regulations.

"Capital Call" shall have the meaning set forth in Section 3.4(b).

"Capital Call Notice" shall have the meaning set forth in Section 3.4(b).

"Capital Contribution" means, with respect to any Partner, the cash amount or Net Contribution Value which such Partner contributes to the capital of the Partnership in accordance with the provisions of this Agreement.

"Carried Interest" means the amounts distributed to the General Partner in its capacity as General Partner pursuant to Sections 6.l(c) through 6.l(f).

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

"Closing" shall mean the date on which investors are first admitted to the Partnership as Limited Partners.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

"Contributing Entities" means [REDACTED]

“**Defaulting Limited Partner**” means (i) Select to the extent that it defaults in its obligations to provide additional Capital Contributions pursuant to Section 3.2(a) or to satisfy a validly exercised Put Option pursuant to Section 8.9 (subject to the conditions set forth therein), (ii) Geneses and/or C&A, as applicable, to the extent that it defaults in its obligations to satisfy a validly exercised Call Option pursuant to Section 8.8, and (iii) Geneses, to the extent that it fails to contribute the portion of its initial Capital Contribution scheduled to be made after February 28, 2025 in accordance with Section 3.1.

“**Distribution Shortfall**” shall have the meaning set forth in Section 6.5.

“**Effective Date**” shall mean February 28, 2025.

“**Estimated Tax Liability**” means, with respect to each Partner for each Fiscal Year or other period of the Partnership, an amount equal to the product of (i) such percentage rate reasonably estimated each year by the General Partner in consultation with the Partnership’s accountant to approximate the effective marginal rate of combined local, state, federal income tax and federal Medicare tax applicable to the Partners times (ii) the amount of a Partner’s share of Net Profits for each Fiscal Year of the Partnership allocated pursuant to Sections 5.2 or 5.4 hereof for such Fiscal Year (or other period).

“**Fair Market Value**” means, as to any Asset, the amount that would be realized if such Asset were sold in an arm’s length transaction. In the case of determining the Fair Market Value of any Units, Fair Market Value means the amount that would be distributed with respect to such Units if all of the assets of the Partnership were sold in an arm’s length transaction for their respective Fair Market Values, all liabilities of the Partnership were satisfied, and liquidating distributions were made to the holders of Units in accordance with the provisions of this Agreement; provided, however, that for purposes of determining Fair Market Value of the Units, such value shall be based on the value of the Partnership as a whole and as a going concern, and no Units shall be discounted due to any minority interest in the Partnership, a lack of marketability of the Units or any illiquidity or similar matters with respect to such Units. If the General Partner notifies the Limited Partners of its determination of the Fair Market Value and any Limited Partner disagrees with such determination, the Fair Market Value shall be determined by the Valuation Firm. The Valuation Firm shall submit to the General Partner and disputing Limited Partner a written report within 30 days of its engagement setting forth such determination. The determination of such Valuation Firm as to the Fair Market Value of the Units shall be final and binding upon the General Partner and the disputing Limited Partner. The expenses of such Valuation Firm shall be borne equally by the Partnership and the disputing Limited Partner.

“**Final Judgment**” means a judgment which is no longer subject to any motion to modify or set aside, any petition for certiorari, or pending appeal.

“**Fiscal Year**” means the calendar year.

“**General Partner**” has the meaning set forth in the Preamble.

“**Geneses**” has the meaning set forth in the Preamble.

“**Gross Asset Value**” means, with respect to any Asset, such Asset’s adjusted basis for federal income tax purposes, except as follows:

(A) The Gross Asset Value of any Asset contributed by a Partner to the Partnership is the gross Fair Market Value of such Asset as determined by the General Partner at the time of contribution;

(B) The Gross Asset Value of all the Assets shall be adjusted to equal their respective gross Fair Market Values, as determined by the General Partner, as of the following times: (i) the acquisition of any additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution or for the provision of services; (ii) the distribution by the Partnership to the Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (iii) the liquidation of the Partnership within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and

(C) The Gross Asset Value of any Asset distributed to any Partner shall be adjusted to equal the gross Fair Market Value of such Asset on the date of distribution as determined by the General Partner.

If the Gross Asset Value of an Asset has been determined or adjusted pursuant to clause (i) or (ii) of subsection (B) above, such Gross Asset Value shall thereafter be adjusted by the depreciation taken into account with respect to such Asset for purposes of computing Net Profit or Net Loss.

“**Indemnified Party**” shall have the meaning set forth in Section 7.4.

“**IRS**” means the Internal Revenue Service.

“**Limited Partner(s)**” has the meaning specified in the Preamble.

“**Liquidator**” shall mean the General Partner or, in the event there is no General Partner, any other general partner approved by a majority in interest of the Limited Partners, or in the event there is no general partner, any Person approved by a majority in interest of the Limited Partners to oversee the winding up of the Partnership in accordance with Section 9.2 hereof.

“**Management Fee**” shall have the meaning set forth in Section 7.2.

“**MOIC**” means, with respect to the Limited Partners as of any date, a multiple on invested capital, measured by dividing (i) the aggregate amount of distributions to the Limited Partners pursuant to Section 6.1 and, in the case of determining the Put Price or Call Price, the amount to be distributed to the Limited Partners in connection with the Put Option or Call Option (as applicable) by (ii) the aggregate Capital Contributions by the Limited Partners.

“**Net Contribution Value**” means the Gross Asset Value of a Water Asset less the amount of any indebtedness or similar obligations encumbering the Water Asset on the date of contribution.

“**Net Profits and Net Losses**” means, for each Fiscal Year or other period, an amount equal to the Partnership’s taxable income or loss, as the case may be, for such year or period, determined in accordance with Section 703(a) of the Code (and for this purpose, all items of income, gain, loss, and deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss); *provided, however*, for purposes of computing such taxable income or loss:

(a) The computation of all items of income, gain, loss, and deductions shall be made without regard to any basis adjustment, under Section 743 of the Code, which may be made by the Partnership;

(b) Any receipts of the Partnership that are exempt from federal income tax and are not otherwise included in taxable income or loss shall be added to such taxable income or reduce such loss;

(c) Any expenditures of the Partnership described in Section 705(a)(2)(B) of the Code or treated as expenditures described in Section 705(a)(2)(B) of the Code pursuant to Regulation § 1.704-1(b), and not otherwise taken into account in computing Net Profits and Net Losses, shall be subtracted from such taxable income or added to such loss; and

(d) Any items of income, gain, loss or deduction that are specially allocated pursuant to Section 5.4 hereof shall not be taken into account in computing Net Profits and Net Losses.

“**Nonrecourse Deductions**” has the meaning set forth in the Regulations.

“**Nonrecourse Liability**” has the meaning set forth in Regulations.

“**Option Period**” means the period commencing on the date which is 36 months and one day after the Effective Date (i.e., the first day after the third anniversary of the Effective Date) and continuing for the succeeding 24 months thereafter.

“**Partially Adjusted Capital Account**” means, with respect to any Partner for any Fiscal Year, the Capital Account of that Partner at the beginning of that year, adjusted for all Capital Contributions and distributions during that year and all special allocations pursuant to Section 5.4 with respect to that year before giving effect to any allocations of Net Profit or Net Loss pursuant to Sections 5.2 and 5.3.

“**Partner Minimum Gain**” means an amount, with respect to each Partner Nonrecourse Debt, equal to the partnership minimum gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with the Regulations.

“**Partner Nonrecourse Debt**” has the meaning set forth in the Regulations.

“**Partner Nonrecourse Deductions**” has the meaning set forth in the Regulations.

“**Partner(s)**” has the meaning specified in the Preamble.

“**Partnership**” has the meaning specified in the Preamble.

“**Partnership Cash Flow**” means all cash funds actually received by the Partnership less (i) all reasonable and ordinary operating expenses of the Partnership (including any Management Fees) and (ii) the funding of reserves established by the General Partner. Notwithstanding the foregoing, Partnership Cash Flow shall not include Capital Contributions received by the Partnership.

“**Partnership Interest**” means the entire interest in the Partnership held by any Partner (including any and all economic, managerial and/or voting or consent rights relating thereto).

“**Partnership Minimum Gain**” has the meaning set forth in the Regulations and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Fiscal Year shall be determined in accordance with the Regulations.

“**Permitted Transfer**” means a Transfer of a Partnership Interest in whole and not in part (i) if the Partner is a natural Person, by a Partner to a child or grandchild (whether through marriage, adoption or otherwise), sibling (whether through adoption or otherwise), parent, or spouse of such Partner, or to

any trust or family partnership for the sole benefit of any such family member or members, or (ii) if the Partner is an entity to another entity that is a parent or subsidiary of such Partner or another subsidiary of such parent.

“**Person**” means an individual or a corporation, partnership, trust, unincorporated organization, limited liability company, joint stock company, joint venture, association or other entity, or any government, or any agency or political subdivision thereof.

“**Preferred Return**” means the amount accruing on the Unreturned Capital or any Unpaid Preferred Return of a Limited Partner at a rate of 8.0% per annum, compounded annually.

“**Proportionate Percentage**” means, as to any holder of Units, the percentage figure which expresses the ratio between the number of Units owned by such holder and the aggregate number of Units owned by all Limited Partners.

“**Prospective Acquirer**” shall have the meaning specified in Section 8.10 hereof.

“**Put Option**” shall have the meaning specified in Section 8.9 hereof.

“**Put Price**” means as of any date and in respect of a Limited Partner’s Units, the amount which (in a hypothetical Partnership Asset Sale, after all liabilities of the Partnership were satisfied and after liquidating distributions were made to all of the holders of Units in accordance with the provisions of this Agreement and after including any prior cumulative distributions made to the Limited Partners pursuant to Section 6.1) provides a return to the Limited Partners equal to the lesser of (i) the amount which represents a 15% net internal rate of return on such Limited Partner’s aggregate Capital Contributions (calculated using the XIRR function in Microsoft Excel for the period commencing on the date that such Capital Contributions were made through the end of the month immediately prior to such date) and (ii) the amount which represents a net MOIC of 1.75, all as more particularly set forth on Schedule III as an example (assuming that the Put Option is exercised at the beginning of year 4).

“**Regulations**” shall mean the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Regulations shall include any corresponding provision or provisions of succeeding, similar, or substitute final Regulations.

“**Regulatory Allocations**” shall have the meaning specified in Section 5.4(i) hereof.

“**Securities Act**” shall mean the Securities Act of 1933, as amended.

“**Select**” has the meaning specified in the Preamble.

“**Sellers**” mean [REDACTED] and such other Persons as determined by the General Partner to hold Water Assets appropriate for acquisition by the Partnership.

“**SWSI**” means Select Water Solutions, Inc.

“**Targeted Accounts**” means, with respect to any Partner for any Fiscal Year, an amount equal to the hypothetical distribution that Partner would receive if: (i) all Assets, including cash, were sold for cash at an aggregate price equal to their Gross Asset Value (taking into account any adjustments to Gross Asset Value for that Fiscal Year), (ii) all liabilities allocable to such Assets were then satisfied according

to their terms (limited, with respect to each Nonrecourse Liability, to the Gross Asset Value of the Assets securing that liability), and (iii) all such proceeds from the disposition were distributed pursuant to Section 9.2 reduced by that Partner's share of Partner Minimum Gain and Partnership Minimum Gain immediately prior to that sale.

"Transfer" means a sale, assignment, transfer, gift, lien, exchange or any other conveyance or disposition by law or otherwise, voluntarily or involuntarily.

"Trigger Event" means the date on which each of the Limited Partners has received an aggregate amount of distributions pursuant to Section 6.1 which equal or exceed the amount which results in the Limited Partners realizing the higher of (i) a 15% internal rate of return on its aggregate Capital Contributions (calculated using the XIRR function in Microsoft Excel for the period commencing on the date that such Capital Contributions were made through the end of the month immediately prior to such date) and (ii) an MOIC of at least 2.0.

"Unit" means each interest in the Partnership issued (i) as a result of a Capital Contribution of \$1,000 by a Limited Partner contributing cash to the Partnership for its Units in the Partnership, or (ii) as a result of a Capital Contribution of \$1,000 of Net Contribution Value of the Water Assets contributed directly or indirectly by a Limited Partner for its Units in the Partnership. Except as otherwise modified in accordance with this Agreement, all Units will have identical rights and privileges, and holders of Units shall vote as a single class with respect to all matters on which Limited Partners are authorized or entitled to vote.

"Unpaid Preferred Return" means, with respect to any Limited Partner as of any date, an amount equal to the excess, if any, of (i) the aggregate Preferred Return accrued on Unreturned Capital as of such date over (ii) the amount of cumulative distributions made by the Partnership as of such date that constitute payment of the Preferred Return pursuant to subsection (a) of Section 6.1.

"Unreturned Capital" means, with respect to any Limited Partner, an amount equal to the excess, if any, of (i) the aggregate amount of Capital Contributions made by such Partner to the Partnership over (ii) the aggregate amount of prior distributions made by the Partnership to such Partner that constitute a return of the Capital Contributions therefor pursuant to subsection (b) of Section 6.1.

"Valuation Firm" means an independent, neutral, third-party investment banking firm that is mutually agreed upon by the General Partner and Select; provided, however, that if the parties are unable to agree upon a Valuation Firm, each of the General Partner and Select shall select a Valuation Firm and those two Valuation Firms shall select a third Valuation Firm, and such third Valuation Firm shall determine the Fair Market Value.

"Water Assets" means equity securities of Fort Lyon Canal Company, Lower Arkansas Water Management Association, and Lamar Canal Company, together with the associated irrigated land and pivots owned by the Sellers and owned indirectly by the Contributing Entities, as set forth below, together with such additions and subtractions thereto as determined in good faith by the General Partner:

NOTE: Schedule of specific assets consolidated to AVF on file with registrant but removed to protect confidentiality of counterparties

**ARTICLE II
GENERAL PROVISIONS**

Section 2.1 Purpose. The purposes of the Partnership are (i) to make, either directly or through subsidiaries, investments in Water Assets and (ii) to engage in any activity and to exercise any powers which are incidental to, or connected with, the foregoing and necessary, suitable or convenient to accomplish the foregoing.

Section 2.2 Powers. Subject to the terms and conditions hereof, the Partnership shall be empowered to do any and all acts necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership.

Section 2.3 Name. The name of the Partnership shall be AV Farms, LP, a Delaware limited partnership, under which all business affairs of the Partnership shall be conducted except to the extent the Partnership adopts and uses an assumed name in compliance with applicable laws.

Section 2.4 Names and Addresses of Partners. The name of the General Partner is C&A-Geneses Capital, LLC, and its business address is 385 Inverness Parkway, Suite 140, Englewood, CO 80112. The names and addresses of the Limited Partners are set forth on Exhibit A hereto.

Section 2.5 Place of Business. The Partnership's principal place of business shall be 385 Inverness Parkway, Suite 140, Englewood, Colorado 80112, or such other location as the General Partner determines to be appropriate.

Section 2.6 Certificate of Limited Partnership. The General Partner has caused the Certificate to be filed with the Secretary of State of the State of Delaware.

Section 2.7 Additional Filings. The Partnership shall make any filings or disclosures required by the laws of any other state with respect to the qualification of the Partnership as a foreign limited partnership under the internal laws of each such state.

Section 2.8 Ownership. The Partnership Interest of each Partner shall be personal property for all purposes. All property and interests in property, real or personal, owned by the Partnership shall be deemed owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property or interest owned by the Partnership except as a Partner in the Partnership.

Section 2.9 Term. The Partnership will continue until dissolved pursuant to Section 9.1.

Section 2.10 Registered Office; Registered Agent. The address of the registered office of the Partnership in the State of Delaware is 1675 South State Street, Suite B, Dover, Delaware 19901, and the name of the registered agent for service of process on the Partnership at such address is Capitol Services, Inc. The General Partner may change the registered office and the registered agent. The General Partner shall promptly notify all Partners of any such change.

Section 2.11 Authorization. The Limited Partners hereby approve and authorize the General Partner to execute and deliver for and on behalf of the Partnership any and all other documents required by or consistent with the purposes of the Partnership as defined herein, and the performance of all obligations hereunder and thereunder.

**ARTICLE III
CAPITAL CONTRIBUTIONS**

Section 3.1 Initial Capital Contributions. Each Limited Partner has agreed to contribute capital to the Partnership as of the Effective Date in the amount set forth on Schedule I hereto, and upon such Capital Contribution will receive the number of Units in consideration therefor as set forth on Schedule I hereto. Affiliates of the General Partner will contribute capital to the Partnership through the Limited Partner entities. Each Limited Partner will substantially fund its initial Capital Contribution on or before the Effective Date (although a portion not to exceed \$12.5 million of Geneses' initial Capital Contribution may be made thereafter, but in no event later than March 20, 2025, in which case it will be deemed to have been made as of the Effective Date). If the initial Capital Contributions to be made on or before the Effective Date are not made in accordance with this Section 3.1, this Agreement shall not become effective and shall be null and void.

Section 3.2 Additional Capital Contributions.

(a) The Partnership expects that it will require additional Capital Contributions to fund its projected growth and development including prompt implementation of the Partnership's planned build out of water storage facilities, in each case as determined by the General Partner in its sole discretion. Select will make its initial Capital Contribution on the Effective Date based upon such expectation and its desire to have majority ownership of the equity capital of the Partnership at the earliest possible date. Select hereby commits that it will fund at least \$83,875,000 of the Partnership's requirements for additional Capital Contributions over the three- year period commencing on the Effective Date, and the Partnership shall use its commercially reasonable efforts to expeditiously secure the growth opportunities giving rise to such requirements. The General Partner will provide Select with at least 30 days' prior notice of its desire for Select to fund its commitment set forth in this subsection (a). Each such notice shall be for a minimum of \$10 million of additional Capital Contributions. All Capital Contributions made pursuant to this subsection (a) shall be at the rate of one new Unit for each \$1,000 of additional Capital Contributions.

(b) If after the commitment of Select pursuant to subsection (a) has been fully funded, the General Partner determines that the Partnership requires additional equity capital (a "Capital Call"), it will send a notice to the Limited Partners (a "Capital Call Notice") in accordance with the following procedures:

(i) The Capital Call Notice will set forth the aggregate dollar amount of additional equity capital required by the Partnership, the intended use of the proceeds of the Capital Call and the General Partner's determination of the Fair Market Value of Units to be issued in connection with the Capital Call. The Capital Call Notice will also set forth the date on which the additional Capital Contributions are required to be made by participating Partners (which shall be at least 30 days after the date of the Capital Call Notice). In the event that a Limited Partner disputes the General Partner's determination of Fair Market Value, the procedures set forth under the definition of "Fair Market Value" herein shall apply.

(ii) Upon receipt of the Capital Call Notice, each of the Limited Partners will have the right to elect to purchase, on the same terms and conditions as set forth in the notice, up to its Proportionate Percentage of the Units to be issued. If a Limited Partner elects to purchase its portion of the Units to be issued, it shall be required to do so prior to

the later of (X) the date set forth in the Capital Call Notice or (Y) two business days after the determination of Fair Market Value in accordance with the procedures set forth under the definition of "Fair Market Value." If a Limited Partner fails to elect to purchase its portion of the Units to be issued within the foregoing period, the other Limited Partners (in accordance with their Proportionate Percentages) will be given an additional ten-day period to elect to purchase such portion on the terms set forth in the Capital Call Notice.

(c) Except as set forth above with respect to Select, it will not be deemed a default for a Limited Partner to refuse to make an additional Capital Contribution. However, in the event a Limited Partner does not fund its Capital Call and such Units are instead offered to and purchased by the other Limited Partners, the Partnership Interest of the non-contributing Limited Partner will be diluted thereby.

Section 3.3 Return of Capital. Other than as provided in Article VI and Article IX, no Partner shall have the right to demand or receive the return of such Partner's Capital Contributions to the Partnership, even in the event of withdrawal, whether or not such withdrawal is permitted hereunder or in breach hereof.

Section 3.4 Interest on Capital Contributions. No Partner shall receive any interest on such Partner's Capital Contributions or such Partner's Capital Account, notwithstanding any disproportion therein as between the Partners, it being understood that payments to be made hereunder with respect to a Partnership Interest are not to be deemed interest.

Section 3.5 Partner Loans. Any Partner, with the consent of the General Partner, may lend money to the Partnership. If the General Partner, or any Limited Partner with the consent of the General Partner, makes any loan or loans to the Partnership, the amount of any such loan shall not be treated as Capital Contributions, but shall be a debt due from the Partnership. Any Partner's loan to the Partnership shall be repayable out of the Partnership's cash and shall bear interest at such rate as may be mutually agreed upon by the General Partner and the Partner loaning money to the Partnership; provided, however, should the General Partner loan money to the Partnership, the interest rate on such loan shall not be higher than the then current market rate of interest which such loan would bear from a non-Affiliated third party. None of the Partners, or any of their Affiliates, shall be obligated to loan money to the Partnership. Repayment of all outstanding principal and accrued but unpaid interest on any Partner loan shall be made by the Partnership prior to distributions of Partnership Cash Flow to the Partners pursuant to Section 6.1 hereof.

ARTICLE IV ACCOUNTING; BOOKS AND RECORDS; TAX MATTERS

Section 4.1 Records. The General Partner shall maintain for the Partnership books and records in accordance with generally accepted accounting principles. The Limited Partners shall have access to such books and records, all of which the General Partner agrees to keep at the Partnership offices, provided all information obtained shall be kept confidential, and provided the Partner exercising such right shall not unreasonably interfere with or disrupt Partnership business.

Section 4.2 Reports.

(a) As soon as practicable after the end of each calendar quarter, the General Partner shall deliver to the Limited Partners quarterly consolidated statements of income, a balance sheet, statements of cash flows and statements of Partners' capital (it being understood that the General Partner will use commercially reasonable efforts, including closing the books by the 20th day of

the final month of the quarter and estimating for the remainder of the quarter, to complete such reports within five business days after the end of such quarter).

(b) As soon as practicable after the end of each Fiscal Year, the General Partner shall deliver to all Partners financial statements for the Partnership for such year prepared in accordance with generally accepted accounting principles.

(c) The General Partner shall use its reasonable efforts to deliver income tax-related information to the Partners as soon as practicable after the end of each year.

(d) As soon as practicable after the end of each calendar quarter, the General Partner shall deliver to the Limited Partners quarterly operational reports outlining sales volumes delineated by customers, use type, and water right utilized, based upon the reporting package developed for the Partnership by Select.

Section 4.3 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns required of the Partnership for federal and state income tax purposes.

Section 4.4 Partnership Representative. The General Partner is hereby designated as the “partnership representative” (under Code Section 6223(a), the Regulations thereunder, and any comparable provision of state or local tax law) (the “Partnership Representative”) of the Partnership. The Partnership Representative shall be authorized and required to represent the Partnership (at the Partnership’s expense) in connection with all examinations of the Partnership’s operations, business or affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend the Partnership’s funds for professional services reasonably incurred in connection therewith. The Partnership Representative is authorized to elect the application of Code Section 6226 on behalf of the Partnership, if it receives a “notice of final partnership adjustment” that would otherwise permit the IRS to collect from the Partnership a deficiency of tax, for each relevant year. The Partnership Representative shall give prompt written notice to each other Partner of all material notices (copies of such to be attached to the notice) it receives from the IRS concerning the Partnership, including any notice of audit, any notice of action with respect to a revenue agent’s report, any notice of a 30-day appeal letter and any notice of a deficiency in tax (except for a deficiency in a de minimis amount) concerning the Partnership’s federal income tax return. The Partnership Representative shall take commercially reasonable measures to inform the Partners of any material decision or actions it takes in its capacity as Partnership Representative. The Partnership Representative shall not enter into any settlement with any taxing authority (federal, state, or local), or extend the statute of limitations, on behalf of the Partnership or the Partners without the consent of a majority in interest of the Limited Partners.

Section 4.5 Bank Accounts. The General Partner, in the name of the Partnership, shall be authorized to open and maintain a special bank account or accounts in a bank, the deposits of which are insured by an agency of the United States Government, in which shall be deposited all funds of the Partnership. There shall be no commingling of the Assets of the Partnership with the assets of any other Person.

ARTICLE V ALLOCATIONS

Section 5.1 Allocation of Net Profits and Net Loss. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Net Profits or Net Losses and each related item of income, gain, loss, deduction or credit shall, except as otherwise provided

in the Regulations or this Article V hereof, be allocated for each Fiscal Year among the Partners in accordance with the further provisions of this Article V.

Section 5.2 Net Profits. Net Profits shall be allocated among the Partners as follows:

(a) First, to the Partners in an amount equal to the Net Losses previously allocated to the Partners under Section 5.3(b) hereof (and not previously offset by allocations of Net Profits hereunder), pro rata in proportion to the Net Losses previously allocated to such Partners under Section 5.3(b) hereof.

(b) Next, to the Partners in an amount equal to the Net Losses previously allocated to such Partners under Section 5.3(a) hereof (and not previously offset by allocations of Net Profits hereunder), pro rata in proportion to any Net Losses previously allocated to such Partners under Section 5.3(a) hereof.

(c) Thereafter, after giving effect to the allocations set forth in Section 5.4 hereof, among the Partners in such a manner which will cause their Partially Adjusted Capital Accounts to equal, as soon as possible, their Targeted Accounts.

Section 5.3 Net Losses. Net Losses shall be allocated among the Partners as follows:

(a) First, to the Partners who have a positive balance in their Adjusted Capital Accounts, pro rata in proportion to the balances in their respective Adjusted Capital Accounts.

(b) Any remaining Net Losses shall be allocated to the Limited Partners pro rata in accordance with their Capital Contributions.

Section 5.4 Regulatory Allocations.

(a) Minimum Gain Chargeback. Except as provided below, if there is a net decrease in Partnership Minimum Gain for a Fiscal Year, each Partner shall be specially allocated, before any other allocation of Partnership items for such Fiscal Year, items of Partnership income and gain, for such year (and, if necessary, for subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with the Regulations. Allocations pursuant to the previous sentence shall be made in proportion to, and to the extent of, the respective amounts required to be allocated to each Partner pursuant thereto. The income allocated pursuant to this Section 5.4(a) in any taxable year shall consist first of gains recognized from the disposition of property subject to one or more Nonrecourse Liabilities, and any remainder shall consist of a pro rata portion of other items of income or gain of the Partnership.

(b) Exceptions to Minimum Gain Chargeback. The allocation of gain or gross income otherwise required pursuant to Section 5.4(a) shall not apply to a Partner to the extent that: (1) such Partner's share of the net decrease in Partnership Minimum Gain is caused by a guarantee, refinancing or other change in the debt instrument causing it to become a partially or wholly recourse debt or a Partner Nonrecourse Debt, and such Partner bears the economic risk of loss for such changed debt; (2) such Partner's share of the net decrease in Partnership Minimum Gain results from the repayment of a nonrecourse liability of the Partnership, which repayment is made using funds contributed by such Partner to the capital of the Partnership; (3) the IRS waives the requirement of such allocation in response to a request for such waiver made by the General Partner on behalf of the Partnership (which request the General Partner may or may not make, if

it determines that the Partnership would be eligible therefor); or (4) additional exceptions to the requirement of such allocations are established by revenue rulings issued by the IRS pursuant to the Regulations, which exceptions apply to such Partner, as determined by the General Partner in its sole discretion.

(c) Partner Minimum Gain Chargeback. If during a Fiscal Year there is a net decrease in any Partner Minimum Gain, each Partner with a share of such Partner Minimum Gain determined in accordance with Regulation § 1.704-2(i)(5) as of the beginning of such year shall be allocated items of income and gain for the year (and, if necessary, succeeding years) in the manner and to the extent provided in Regulation § 1.704-2(i)(4).

(d) Qualified Income Offset. After applying Sections 5.4(a), (b) and (c) above, if a Partner unexpectedly receives any adjustment, allocation or distribution described in Regulation § 1.704-1(b)(2)(ii)(d)(4) through 1.704-1(b)(2)(ii)(d)(6) which causes an Adjusted Capital Account Deficit for the Partner, items of Partnership income and gain shall be specially allocated to the Partner in an amount sufficient to eliminate, to the extent required by Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible as of the end of the Partnership's Fiscal Year to which such adjustment, allocation or distribution relates. This Section 5.4(d) is intended to constitute a "Qualified Income Offset" provision within the meaning of Regulation § 1.704-1(b)(2)(ii)(d) and shall be interpreted and construed in a manner consistent with such Regulation. If a Partner has an Adjusted Capital Account Deficit, the Partner shall be allocated items of Partnership income and gain to equal the amount of such deficit as quickly as possible as of the end of such Fiscal Year.

(e) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Asset under Code Section 734(b) or 743(b) is required to be taken into account in determining Capital Accounts under Regulations Section 1.704-1(b)(2)(iv)(m), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the Asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Regulations Section 1.704-1(b)(2)(iv)(m).

(f) Interpretation. The provisions of this Section 5.4 are intended to comply with Regulations §§ 1.704-1(b) and 1.704-2 and shall be interpreted consistently with this intention. Any terms used in such provisions that are not specifically defined in this Agreement shall have the meaning, if any, given such terms in the Regulations cited above.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Limited Partners.

(h) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions shall be allocated to the Limited Partners who bear the economic risk of loss with respect to the deductions.

(i) Curative Allocations. If any allocation of gain, income, loss, expense or any other item is made pursuant to this Section 5.4 or otherwise on account of the requirements of the Code and/or the Regulations as in effect from time to time (in each such case a "Regulatory Allocation"), then, notwithstanding the provisions of this Article V (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Partners (in the current and all subsequent years) so that, to the extent possible, the net amount of such allocations of other items and the Regulatory

Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Regulatory Allocations had not occurred.

Section 5.5 Modification of Provisions Pertaining to Capital Account Allocations. The foregoing provisions of this Article V relating to allocations for Capital Account adjustment purposes are intended to comply with Regulation 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulation. Without limitation of the foregoing, it is the intent of the Partners that the allocations provided in this Article V be treated as having “substantial economic effect” within the meaning of section 704(b) of the Code. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases thereto, or allocations are computed in order to comply with such Regulations, the General Partner may make such modification. The General Partner shall also make any appropriate modifications if unanticipated events might otherwise cause this Article V not to comply with such Regulations. Notwithstanding the foregoing, however, the General Partner shall have no liability whatsoever to any Partner for any failure by the General Partner to exercise any discretion to make any such modification. Notwithstanding any other provision of this Section 5.5 to the contrary, no amendment otherwise authorized by this Section 5.5 shall, without the consent of the affected Partner, directly or indirectly have the effect of increasing the aggregate amount of Capital Contributions required of such Partner under the Agreement.

Section 5.6 Tax Allocations – Section 704(c). In accordance with Code Section 704(c) and the related Regulations, income, gain, loss and deduction with respect to any property contributed to the capital of the Partnership, solely for tax purposes, will be allocated among the Partners so as to take account of any variation between the adjusted basis to the Partnership of the property for federal income tax purposes and the initial fair market value of the property. Any elections or other decisions relating to allocations under this Section 5.6 will be made in any manner that the General Partner determines reasonably reflects the purpose and intention of this Agreement. Allocations under this Section 5.6 are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing, any Partner’s Capital Account or share of Net Profits, Net Losses or other items or distributions under any provision of this Agreement.

ARTICLE VI DISTRIBUTIONS

Section 6.1 Distribution of Partnership Cash Flow. All Partnership Cash Flow shall be distributed in the following order of priority (subject to any requirements of applicable law with respect to the priority of other creditors of the Partnership, if any):

- (a) first, pro rata among the Limited Partners until each Limited Partner has received aggregate distributions pursuant to this subsection (a) equal to its Unpaid Preferred Return;
- (b) second, pro rata among the Limited Partners until each Limited Partner has received aggregate distributions pursuant to this subsection (b) equal to its Unreturned Capital;
- (c) third, to the General Partner as Carried Interest until the cumulative amount distributed to the General Partner pursuant to this subsection (c) is equal to 20% of the aggregate amounts distributed pursuant to subsection (a) and this subsection (c);
- (d) fourth, 80% to the Limited Partners (pro rata in accordance with their aggregate Capital Contributions) and 20% to the General Partner as additional Carried Interest until the occurrence of the Trigger Event;

(e) fifth, to the General Partner as additional Carried Interest until the cumulative amount distributed to the General Partner pursuant to subsection (c) subsection (d) and this subsection (e) is equal to 30% of the aggregate amounts distributed pursuant to subsection (a), subsection (c), subsection (d) and this subsection (e); and

(f) thereafter, the remainder shall be distributed 70% to the Limited Partners (pro rata in accordance with their aggregate Capital Contributions) and 30% to the General Partner as additional Carried Interest.

Section 6.2 Timing of Certain Distributions and Payments. If any date on which a distribution is required to be made falls on a day which is not a business day, the distribution to be made on such day will be made on the next succeeding business day with the same force and effect as if made on such day and no additional interest or preference will accrue as a result of such delayed payment.

Section 6.3 Distributions on Liquidation. In the event of a liquidation of the Partnership, distributions of all Assets shall be made, subject to Section 9.2 and the further provisions of this Section 6.3, to the Partners in accordance with Section 6.1 hereof. Any property that is distributed in kind shall be deemed to have been sold immediately prior to the date of liquidation for its then fair market value and the gain or loss resulting therefrom shall be allocated to the Partners' Capital Accounts in the manner set forth in Article V hereof. Upon liquidation, prior to making any liquidating distributions hereunder, the Liquidator is hereby authorized and directed to make any and all special allocations of Net Profits, Net Losses, and items of Partnership gain, deduction and credit in a manner which results in the Partners' respective Capital Accounts having balances equal to (or as close thereto as possible) the aggregate liquidating distribution that each such Partner would receive hereunder pursuant to Section 6.1.

Section 6.4 Withheld Amounts. Notwithstanding any other provision of this Article VI to the contrary, each Partner hereby authorizes the Partnership to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Partnership with respect to such Partner as a result of such Partner's participation in the Partnership; if and to the extent that the Partnership shall be required to withhold or pay any such taxes, such Partner shall be deemed for all purposes of this Agreement to have received a payment from the Partnership as of the time such withholding or tax is paid, which payment shall be deemed to be a distribution with respect to such Partner's Partnership Interest to the extent that such Partner (or any successor to such Partner's Partnership Interest) is then entitled to receive a distribution.

Section 6.5 Distribution for Taxes. Notwithstanding Section 6.1, to the extent a Partner receives an allocation of Net Profits pursuant to Section 5.2 or other items of income or gain pursuant to Section 5.4, but would not otherwise receive a corresponding distribution of Partnership Cash Flow pursuant to Section 6.1 sufficient to pay such Partner's Estimated Tax Liability ("Distribution Shortfall"), the Partnership shall (to the extent the General Partner determines that cash is available for distribution) distribute pro rata, based on each Partner's respective Estimated Tax Liability, prior to making any distribution of Partnership Cash Flow pursuant to Section 6.1, a sufficient amount of Partnership Cash Flow (limited to the amount thereof), to satisfy such Distribution Shortfall for each Partner. Any distributions to a Partner under this Section 6.5 shall be treated as a preliminary distribution of future amounts due to such Partner under Section 6.1 and Section 6.3, and any future distributions to such Partner under Section 6.1 and Section 6.3 shall be adjusted so that, to the greatest extent possible, all distributions are according to Section 6.1 priorities. In the event that Partnership Cash Flow is insufficient to satisfy the distribution requirements of this Section 6.5 for a Fiscal Year, such deficiency shall be satisfied in the first subsequent Fiscal Year that Partnership Cash Flow exists. The General Partner shall use commercially reasonable efforts to reserve sufficient funds out of Partnership Cash Flow each year to fund the distributions contemplated by this Section 6.5.

Section 6.6 Special Distribution for Municipal Bond Financing. The Partnership intends to pursue a municipal bond financing to the extent that the General Partner determines that the consummation of such financing is feasible and in the best interests of the Partnership. It is anticipated that, if such financing is consummated, the Partnership will make a special distribution to the Partners of a substantial portion of the net proceeds therefrom as Partnership Cash Flow. In such event, Select shall have the right, notwithstanding Section 6.1, to elect that its pro rata share of any such Partnership Cash Flow from the special distribution be paid to the other Limited Partners in proportion to their ownership of Units instead of being distributed to Select. If Select makes such election, Units will be redeemed from the other Limited Partners in the amount of the excess distribution received by such Limited Partners, thus increasing Select's percentage ownership of outstanding Units. For purposes of this provision, Units would be redeemed based the Fair Market Value of the redeemed Units.

**ARTICLE VII
GENERAL PARTNER, MANAGEMENT,
AND OPERATIONS OF BUSINESS**

Section 7.1 General Partner and Management. Except as otherwise provided in Section 7.11 or elsewhere herein, the General Partner (acting directly or through its duly appointed agents shall be responsible for, and shall have the exclusive right and power, at Partnership expense, to manage Partnership affairs and control all decisions relating to the business and operations of the Partnership. Except as otherwise provided herein, no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under the Act and other applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner shall have full power and authority to do all things deemed necessary or desirable by the General Partner to conduct the business of the Partnership, to exercise all powers set forth in Section 2.2 hereof, and to effectuate the purposes set forth in Section 2.1 hereof.

Section 7.2 Reimbursement of, and Payments to, the General Partner and Affiliates.

(a) The Partnership shall pay to the General Partner and/or its Affiliates an annual management fee in an amount equal to 1.50% of the aggregate Capital Contributions made by the Limited Partners to the Partnership (the "Management Fee"). The Management Fee shall be paid in advance at the commencement of each year of operations. To the extent that the Partnership does not have available cash to pay the Management Fee, unpaid amounts will be accrued and shall be required to be paid before any distributions may be made to the Limited Partners.

(b) The Partnership shall be responsible for (i) all fees, costs, expenses, liabilities and obligations associated with the organization, termination, liquidation, winding up or dissolution of the Company, the General Partner and any related vehicles created for the benefit of the Company, the syndication or offering of interests thereof or the syndication or offering of Units, including, without limitation expenses incurred in connection with the organization, offering or preparation of any compliance, regulatory, legal or accounting advice, printing, tax, consulting, filing, placement agent fees, documentation, negotiation and delivery of this Agreement or other similar agreements and any other related, similar or governing documents of the Company or the General Partner and (ii) all fees, costs, expenses, obligations and liabilities of the Partnership, the General Partner or their Affiliates incurred in connection with activities that, in the sole determination of the General Partner, may benefit the Partnership, including any activity related to identifying, originating, sourcing, evaluating, bidding on, diligencing, pursuing,

structuring, negotiating, purchasing, acquiring, forming, organizing, consummating, financing, refinancing, structuring, restructuring, monitoring, owning, operating, carrying, holding, developing, improving, managing, advising, operating, valuing, readying for sale, servicing, selling, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Assts or the Company, whether or not such activities are successful, and whether or not initially incurred by the Company, the General Partner or any of its Affiliates and including all fees, costs, expenses, obligations and liabilities incurred in connection with the performance by the General Partner and its Affiliates pursuant to their obligations under this Agreement (including any indemnifiable losses and expenses under Sections 7.4 and 7.5 and any directors and officers' liability insurance). Notwithstanding the foregoing, the Partnership shall not be responsible for the costs and expenses incurred by the General Partner in providing for their normal operating overhead, including rent, office expenses salaries and other expenses incurred in maintaining the General Partner's principal place of business, such amounts shall instead be paid by the General Partner.

(c) At Closing, the Partnership will reimburse C&A, Geneses and their respective Affiliates for the expenses (including legal and other professional fees) incurred by them in the organization of the Partnership, acquisition of Water Assets and other matters incident to the transactions contemplated hereby, including an acquisition fee to C&A of \$1,000,000.

(d) At the closing of any monetization event by the Partnership after the Effective Date (e.g., an asset sale, a loan closing, a bond financing, etc.), the Partnership shall pay to C&A a commission equal to 2.5% (two and a half percent) of the gross proceeds generated by such monetization event (such amount to be senior in priority to any distributions to Limited Partners and junior in priority to any unpaid Management Fees). Notwithstanding the foregoing, no such commission shall be payable in connection with the exercise of the Call Option or Put Option.

Section 7.3 Outside Activities of the Partners. Each Partner may be engaged in or have other business interests or other activities other than those relating to the Partnership (including business interests or other activities that are competitive with the business of the Partnership). The terms and provisions contained in this Agreement shall not limit the activities of Affiliates, partners, shareholders, members, managers, officers, directors or employees, of the Partners. The General Partner and the General Partner's Affiliates will offer to the Partnership the right of first refusal for all future investment opportunities to the Partnership that (i) the General Partner reasonably believes falls within the investment objectives of, and is otherwise suitable for, consideration by the Partnership, (ii) are located in the Arkansas River Valley basin in the State of Colorado and (iii) are limited to those water projects presented to, or pursued by, the Partnership. Additionally, C&A will offer Select and Geneses (proportionately in accordance with their respective ownership of Units) the right of first refusal for any water project investment opportunity sourced by C&A in the Arkansas River Valley basin in the State of Colorado which the Partnership is unable to pursue (it being understood that such right excludes aggregate projects covered by C&A's non-competition agreement with [REDACTED]).

Section 7.4 Indemnification. The Partnership shall, to the fullest extent permitted by the Act, indemnify (and advance expenses to) each of the Partners and their respective Affiliates, and any partner, member, manager, shareholder, director, officer, affiliate, employee or agent of the foregoing (each an "Indemnified Party") from and against any losses, liabilities, damages and expenses incurred by such Indemnified Party (including judgments, settlements, fines, penalties and counsel and expert fees), in connection with any actions or omissions taken or omitted in connection with providing services to the Partnership or the performance of the Indemnified Party's duties under this Agreement; provided that no Indemnified Party shall be indemnified with respect to any matter, that has been finally adjudicated by a court of competent jurisdiction finding that such action (i) was undertaken or omitted in connection with

providing services to the Partnership or the performance of the General Partner's duties under this Agreement, (ii) was not taken or omitted to be taken by the Indemnified Party in the good faith belief that such act or omission was in, or not opposed to, the Partnership's best interests and (iii) constituted gross negligence, fraud, bad faith or willful misconduct. Any indemnification pursuant to this Section 7.4 (or advance of expenses pursuant to Section 7.5) shall be made only out of the Assets of the Partnership, and no Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.4 or Section 7.5.

Section 7.5 Expenses. The Partnership shall pay the expenses incurred by an Indemnified Party in defending a civil or criminal action, suit or proceeding, other than an action brought by the Partnership, upon receipt of an undertaking by the Indemnified Party to repay payments made by the Partnership if the Indemnified Party is determined not to be entitled to indemnification as provided herein.

Section 7.6 No Third-Party Beneficiaries. The indemnification provided in this Article VII is for the benefit of the Indemnified Parties and their respective executors, administrators, personal representatives, successors and assigns, and shall not be deemed to create any right to indemnification for any other Persons.

Section 7.7 Savings Clause. If all or any portion of this Article VII shall be invalidated on any ground by a court of competent jurisdiction, then the Partnership shall nevertheless indemnify and hold harmless a Person to be indemnified pursuant to this Article VII as to costs, charges and expenses (including reasonable attorneys' 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 VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

Section 7.8 Liability. The General Partner shall endeavor to perform its duties under this Agreement with ordinary prudence and in a manner reasonable under the circumstances. The General Partner shall not be liable to the Partnership or the Limited Partners for any loss or liability caused by any act, or by the failure to do any act, unless such loss or liability arises from the General Partner's fraud, intentional misconduct, knowing violation of the law or gross negligence. In no event shall the General Partner be liable by reason of a mistake in judgment made in good faith, or action or lack of action based on the advice of legal counsel. Further, the General Partner shall in no event be liable for its failure to take any action unless it is specifically directed to take such action under the terms of this Agreement.

Section 7.9 Limited Partners.

(a) The Limited Partners shall not participate in the management or control of the Partnership's business, shall not transact any business for the Partnership, and shall not have the power to act for or bind the Partnership, such powers being vested solely and exclusively in the General Partner. No Limited Partner shall be bound by, or personally liable for, the expenses, liabilities, or obligations of the Partnership, except as provided in this Agreement, a separate written agreement or the Act. The right of the Limited Partners to consent to or approve of certain matters under the provisions of this Agreement shall not be deemed a participation in the operation and management of the business of the Partnership, or the exercise of control over the Partnership's affairs.

(b) At any time that a Limited Partner is a Defaulting Limited Partner, (i) the General Partner may withhold all cash or other property otherwise distributable to such Defaulting Limited Partner and credit any such amounts withheld against the amount which

would cure such default in a manner to be determined by the General Partner in its sole discretion and (ii) such Defaulting Limited Partner shall cease to have the right to vote or provide consents hereunder in respect of such Defaulting Limited Partner's Units

(c) Each Limited Partner hereby grants to the Partnership a first priority lien upon and security interest in such Limited Partner's Units in order to secure the obligations of such Limited Partner in respect of its obligations under Section 3.2(a), Section 8.8 and Section 8.9, as applicable. The Partnership shall have all rights now or hereafter existing under applicable law, and all rights as a secured creditor, in respect of the Limited Partners' Units. Each Limited Partner shall promptly take all such actions as may be reasonably requested by the General Partner to ensure that the Partnership can perfect and realize upon such security interest. This Section 7.9(c) is intended to constitute a security agreement within the meaning of Article 9 of the Uniform Commercial Code in effect in the State of Delaware.

Section 7.10 Indebtedness. The Partnership and its subsidiaries may (i) incur indebtedness in connection with specific Partnership investments and may pledge some or all of its assets to secure such indebtedness and (ii) obtain and incur mezzanine and/or line of credit indebtedness, all on terms and conditions and with lender(s), as determined by the General Partner (subject to Section 6.6).

Section 7.11 Resolution of Conflicts of Interest. The General Partner shall not, and hereby commits that the Partnership shall not, directly or indirectly knowingly undertake any conduct constituting an actual or potential conflict of interest between (i) the Partnership or any enterprise into which the Partnership makes an investment, on the one hand, and (ii) any of the General Partner or any of the General Partner's Affiliates on the other hand, without the prior consent of a majority in interest of the Limited Partners. The General Partner shall promptly disclose for consent of the Limited Partners all actual or material potential conflicts of interest of which it is aware within ten business days.

Section 7.12 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person(s).

(b) Whenever this Agreement or any other agreement provides that the General Partner or any of the General Partner's Affiliates is permitted or required to make a decision (i) in its "sole discretion," "sole and absolute discretion" or "discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, except as otherwise provided, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership or the Limited Partners, (ii) it may make such decision in its sole and absolute discretion (regardless of whether there is a reference to "sole discretion," "sole and absolute discretion" or "discretion") unless another express standard is provided for, or (iii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, any other agreement contemplated hereby or under the Act or any other law, rule or regulation.

(c) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an opinion of

counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(d) The General Partner shall have the right, in respect of any of its powers or obligations under this Agreement, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership.

ARTICLE VIII TRANSFERS AND WITHDRAWALS

Section 8.1 Transfer of Partnership Interests.

(a) Any attempted Transfer of a Partnership Interest not in compliance with this Agreement shall be void *ab initio*.

(b) Notwithstanding any other provision hereof, no Transfer by a Partner of its Partnership Interest may be made if it (i) would result in the Partnership being treated as an association taxable as a corporation, (ii) is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704(b) of the Code, (iii) would require filing of a registration statement under, or would violate, any federal, state or foreign securities laws or regulations, (iv) would violate any loan documents or other agreements to which the Partnership is a party or by which the Partnership is bound, or (v) would result in the Partnership or the entity to which such Partnership Interest is to be transferred becoming an "investment company" or "controlled by" an investment company under the Investment Company Act of 1940, as amended from time to time.

(c) Upon the Transfer of all of its Partnership Interest, a Partner shall not cease to be a Partner of the Partnership but its transferee shall have only the rights of an assignee under the Act to the extent of the Transfer unless and until admitted as a substitute Partner in accordance with this Agreement, at which time (i) the transferor shall cease to be a Partner of the Partnership in respect of the Partnership Interest so transferred and (ii) the transferee shall assume all rights and obligations of the transferor (including without limitation, the Put Option and Call Option described herein).

(d) Notwithstanding any provision to the contrary contained herein except subsection

(b) of this Section 8.1, any Partner may affect a Permitted Transfer at any time, without the requirement of consent or approval from or by any Person, upon ten days' prior written notice to the General Partner.

Section 8.2 Transfers.

A Limited Partner shall be entitled to Transfer all, but not less than all, of its Partnership Interest in accordance with the following provisions:

(a) Except as to Permitted Transfers in compliance with Section 8.1(d), the Partnership Interest of a Limited Partner may not be Transferred without the prior written consent of the General Partner. The General Partner's consent may be withheld in the sole discretion of the General Partner.

(b) All Transfers authorized pursuant to this Section 8.2 shall be consummated as soon as practicable following the receipt of the General Partner's approval (if required) of a Transfer by a Partner. Each of the Partners agrees to take all actions necessary to conclude without delay the Transfer of the Partnership Interests as contemplated hereunder.

(c) During the pendency of any procedures set forth in this Section 8.2, the Partners shall cooperate to continue the operations of the Partnership in the ordinary course of business and in accordance with all applicable business plans, authorizations and approvals previously issued or adopted by the Partner(s) having authority therefor.

(d) The benefits and obligations of this Section 8.2 shall be available to, and incumbent upon, any successor or permitted assignee of the rights of the Limited Partners.

Section 8.3 Withdrawal. No Partner may withdraw from the Partnership, other than as a result of a Permitted Transfer (or any other Transfer permitted by this Article VIII) of all of such Partner's Partnership Interest in accordance with this Article VIII.

Section 8.4 Substitute General Partner. A transferee of the Partnership Interest of the General Partner transferred in accordance with this Article VIII shall not be admitted to the Partnership as a General Partner without the approval of a majority in interest of the Limited Partners.

Section 8.5 Substitute Limited Partner. A transferee of the Partnership Interest of a Limited Partner transferred in accordance with this Article VIII, shall, upon execution of a joinder agreement, in form and substance satisfactory to the General Partner, to be bound by the terms of this Agreement, automatically be admitted to the Partnership as a limited partner, effective as of the date of such Transfer, to which substitution each Partner hereby consents.

Section 8.6 Adjustment. If any assignment of Partnership Interest occurs during a Fiscal Year, Articles V and VI shall be applied to the assignor and assignee on the basis of the daily proration method of allocation for such Fiscal Year.

Section 8.7 Withdrawal of the General Partner. The General Partner hereby covenants and agrees not to retire or withdraw from the Partnership as General Partner without the prior written consent of a majority in interest of the Limited Partners.

Section 8.8 Call Option. During the Option Period, Select shall have the right (the "Call Option") to acquire all, and not less than all, of the Units owned by each of C&A and Geneses at a price equal to the Call Price. The sale and purchase of Units pursuant to the Call Option shall occur no later than the 60th day after Select has provided written notice to C&A and Geneses of its exercise of the Call Option, or such other date as may be agreed by Select and, as applicable, C&A and/or Geneses. Each of C&A and Geneses shall execute such instruments of transfer as reasonably requested by Select, against payment by Select of the Call Price for each of the Units subject to the Call Option by wire transfer or other immediately available funds; provided, however, that C&A and/or Geneses may request that up to 20% of the Call Price be in the form of shares of common stock of SWSI. If SWSI agrees to such issuance and SWSI concludes that such issuance is permitted without registration under the Securities Act of 1933 (including by receiving accredited investor questionnaires from C&A and/or Geneses), shares will be valued at the average SWSI closing price for the ten trading days prior to the date of exercise of the Call Option.

Section 8.9 Put Option. During the Option Period and unless Select has already exercised the Call Option, each of C&A and Geneses shall have the right (the "Put Option") to require that Select

acquire all of its Units at a price equal to the Put Price. The sale and purchase of Units pursuant to the Put Option shall occur no later than the 180th day after C&A and/or Geneses (as applicable) has provided written notice to Select of the exercise of the Put Option, or such other date as may be agreed by Select and, as applicable, C&A and/or Geneses. Each of C&A and Geneses shall execute such instruments of transfer as reasonably requested by Select (including representations and warranties as to free and clear title and ownership), against payment by Select of the Put Price for each of the Units subject to the Put Option by wire transfer or other immediately available funds; provided, however, that each of C&A and Geneses may request that up to 20% of the Put Price to be paid to it be in the form of shares of common stock of SWSI. If SWSI agrees to such issuance, and SWSI concludes that such issuance is permitted without registration under the Securities Act of 1933 (including by receiving accredited investor questionnaires from C&A and/or Geneses), shares will be valued at the average SWSI closing price for the ten trading days prior to the date of exercise of the Put Option. Select will act in good faith to fulfill its payment obligations under this Section 8.9 within the limits of Select's liquidity and balance sheet limitations at the time. If Select determines in good faith that it cannot fund the payment of the Put Option as set forth above, in the place of Select fulfilling the payment of the Put Option obligation directly with a buyout as described above, Select shall have the right to force a Partnership Asset Sale; and upon the consummation of such Partnership Asset Sale, Select will not be entitled to receive any of the net proceeds therefrom (including its portion of General Partner distributions), up to a maximum of Select's Unreturned Capital (measured at the date on which the Put Option has been exercised), to ensure that (i) the Limited Partners, other than Select, achieve the same target returns as outlined in the Put Price methodology and (ii) the members of the General Partner, other than Select, receive the same anticipated Carried Interest from the hypothetical sale, as outlined in the Put Price methodology, that would generate the required Limited Partner returns. Once distributions (i) and (ii) above have been completed, and there remains additional capital to distribute because the Partnership Asset Sale price exceeded the amount to fulfill (i) and (ii) above, Select would receive subsequent distributions according to its ownership of Limited Partnership and General Partnership units, inclusive of Carried Interest. For the avoidance of doubt, the commitments above would remain until such time that the Partnership Asset Sale is completed, even if the Partnership Asset Sale were to happen after the Put Option window closed. By its execution of this Agreement, SWSI hereby guarantees the obligation of Select to consummate the Put Option upon and subject to the terms set forth in this Section 8.9. Such guarantee shall remain in full force and effect notwithstanding any Permitted Transfer of Select's Units hereunder.

Section 8.10 Right of First Refusal.

(a) From the period commencing on the Effective Date and continuing until the start of the Option Period, in the event that the General Partner seeks to approve a sale of all or substantially all of the Assets determined on a consolidated basis or a sale of all or substantially all of the Units, whether by merger, recapitalization, consolidation, reorganization, combination or otherwise (an "Authorized Change of Control"), to any independent third party or group of independent third parties ("Prospective Acquirer"), (i) the General Partner will provide all Limited Partners with written notice of the terms and conditions of the Authorized Change of Control and (ii) Select will have the right of first refusal to consummate the Authorized Change of Control for its own account on such terms and conditions. If Select desires to exercise such right, (i) it must provide notice of such exercise within 30 days after the General Partner's notice of the Authorized Change of Control and (ii) it must close the transaction no later than 90 days (or such later date as may be mutually agreed by the General Partner and Select) after Select provides its notice to exercise its right of first refusal.

(b) If Select declines such right or fails to exercise such right within the foregoing 30-day period, the Partnership and the Prospective Acquirer may proceed with the Authorized Change of Control. Each Limited Partner will take all reasonably necessary or desirable actions

in connection with the consummation of the Authorized Change of Control as requested by the General Partner. Each Limited Partner shall be subject to the same representations and warranties, and pro rata share of indemnities, holdback, and escrow provisions, if any, and any similar terms of the proposed transaction to which the Limited Partners may be subject.

(c) In the event the General Partner provides notice of the terms and conditions of an Authorized Change of Control prior to the start of the Option Period, but the closing of such transaction (whether consummated by Select through its right of first refusal or by the Prospective Acquiror) reasonably extends into the Option Period, Select shall not be entitled, upon the start of the Option Period, to exercise its Call Option and thereby terminate the closing of the Authorized Change of Control.

Section 8.11 Purchase of Interest in General Partner. In the event that Select acquires the interest in the Partnership of C&A and/or Geneses pursuant to the Call Option, Put Option or right of first refusal, as the case may be, Select shall also acquire the membership units of C&A Holding Company, Inc. and/or Geneses (as applicable) in the General Partner. The closing of such transaction will be contemporaneous with the closing of the Put Option, Call Option (as applicable) or Authorized Change of Control pursuant to Section 8.08, Section 8.09 and Section 8.10 (as applicable). The purchase price to be paid by Select to C&A Holding Company Inc. and/or Geneses will be their proportionate percentage of the Carried Interest which would be distributable to the General Partner based on a hypothetical sale of 100% of the assets of the Partnership at the enterprise value implied by the "Put Price," "Call Price" or "Authorized Change of Control" and distribution of the "Carried Interest" to the General Partner. For purposes of calculating the hypothetical sale and distribution pursuant to the preceding sentence, Select's capital contribution to the Partnership will be deemed to equal (i) the Capital Contributions made by Select on or about the Effective Date plus (ii) one-half of Select's subsequent Capital Contributions to the Fund.

ARTICLE IX DISSOLUTION

Section 9.1 Dissolution Events.

(a) Except as set forth in this Article IX, no Partner shall have the right to dissolve the Partnership. The Partnership shall not be dissolved by the admission of substituted Partners pursuant to Article VIII hereof. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of (i) the expiration of the term of the Partnership provided in Section 2.9, (ii) an event of withdrawal of the General Partner; (iii) the entry of a decree of judicial dissolution of the Partnership; (iv) the sale or disposition for cash (or the distribution) of all or substantially all of the Assets of the Partnership; (v) the General Partner shall elect to dissolve the Partnership and such election shall be approved by a majority in interest of the Limited Partners; (vi) the General Partner files a petition under any section or chapter of the Federal Bankruptcy Code, becomes subject to an order for relief under Title 11 of the U.S. Code, or is declared bankrupt or insolvent in a state bankruptcy or insolvency hearing; (vii) entry of a Final Judgment by a court of competent jurisdiction to the effect that the General Partner was guilty of intentional misconduct, gross negligence, knowing violation of the law or fraud in connection with any duty or obligation hereunder; (viii) the appointment of a receiver for all or substantially all of the assets of the General Partner and the failure to have such receiver discharged within 30 days of such appointment; or (ix) there is a final, non-appealable adjudication by a court of competent jurisdiction that the General Partner has committed any action relating to the performance of the

General Partner's duties under this Agreement that constitutes fraud, gross negligence or willful misconduct that, in each case has had a material adverse effect on the Partnership.

(b) Notwithstanding the provisions of Section 9.1(a) hereof, the Partnership shall not be dissolved and the business of the Partnership shall be continued with the Assets, and such Assets shall not be liquidated, if following an event described in Section 9.1(a), there is at least one remaining General Partner (including any substituted General Partner) and a majority in interest of the Limited Partners elects to continue the business of the Partnership, which is hereby expressly permitted. Upon the satisfaction of all conditions necessary to the continuation of the Partnership, including the admission of a successor General Partner and the amendment of the Partnership's Certificate (if required by applicable law), the Partnership shall be continued without any further consent or approval of any Partner, in which case the Partnership shall continue to conduct the business of the Partnership with the Assets in accordance with, and the Partnership and Partnership Interests of the Partners shall continue to be governed by, the terms and provisions of this Agreement.

Section 9.2 Winding-Up.

(a) Upon the dissolution of the Partnership (and *provided* that the Partnership has not been continued pursuant to Section 9.1), the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its Assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The Liquidator shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order, subject to any different requirements of law: (i) first, to the payment and discharge of all of the Partnership's liabilities to creditors, other than liabilities for which reasonable provision for payment has been made and liabilities owed to Partners; and (ii) the balance, if any, in accordance with Section 6.3.

(b) Notwithstanding the provisions of Section 9.2(a) which require liquidation of the Assets of the Partnership, but subject to the order of priorities set forth therein, if, prior to or following dissolution of the Partnership, the Liquidator determines that an immediate sale of part or all of the Assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any Assets except those necessary to satisfy liabilities of the Partnership and/or distribute to the Partners in lieu of cash, as tenants in common and in accordance with the provisions of Section 9.2(a), undivided interests in such Assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made subject to such conditions relating to the disposition and management of such Assets as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such Assets at such time. The Liquidator shall determine the fair market value of any property distributed using such reasonable method of valuation as it may adopt.

(c) In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to any Partner pursuant to this Article IX may be (i) distributed to a trust established for the benefit of any Partner for the purposes of liquidating Assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership arising out of or in connection with the Partnership and the assets of any such trust shall be distributed to Partners from time to time, in the reasonable discretion of the

Liquidator, in the same manner and priority as such assets would have been distributed by the Partnership to Partners pursuant to Section 9.2(a) of this Agreement, or (ii) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, *provided* that such withheld or escrowed amounts shall be distributed to Partners in the manner and order of priority set forth in Section 9.2(a) as soon as practicable.

Section 9.3 Negative Capital Accounts. No Partner shall be liable to the Partnership or to any other Partner for any negative balance outstanding in such Partner's Capital Account, whether such negative Capital Account results from the allocation of Net Losses or other items of deduction and loss to such Partner or from distributions to such Partner.

Section 9.4 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article IX, to the extent required by the Regulations, if the Partnership is liquidated within the meaning of Regulations but no event of dissolution described in Section 9.1 has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts, the Partnership shall be deemed to have contributed the property in kind to a new partnership. Immediately thereafter, the Partnership shall be deemed to have distributed interests in such new partnership to the Partners (in the same ratios as the Partnership Interests held by the Partners in the Partnership).

Section 9.5 Rights of Partners. Except as otherwise provided in this Agreement, the Partners shall look solely to the Assets of the Partnership for the return of their Capital Contributions and shall have no right or power to demand or receive property other than cash from the Partnership.

Section 9.6 Notice of Dissolution. In the event an event of dissolution described in Section 9.1 occurs, the Liquidator shall, as soon as practicable, but in no event later than 30 days thereafter, provide written notice thereof to each of the Partners. In addition, the General Partner shall promptly notify the Partners of any imminent event of dissolution of which it is aware.

Section 9.7 Termination of Partnership and Cancellation of Certificate of Limited Partnership. Upon the completion of the liquidation of the Partnership cash and property as provided in Section 9.2, the Partnership shall be terminated, a certificate of cancellation shall be filed, and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 9.8 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its Assets pursuant to Section 9.2, in order to minimize any losses otherwise attendant upon such winding-up. The provisions of this Agreement shall remain in effect among the Partners during the period of winding-up and liquidation.

Section 9.9 Waiver of Partition. Each Partner hereby waives any right to partition of the Partnership property.

**ARTICLE X
POWER OF ATTORNEY**

Section 10.1 Power of Attorney. Each Limited Partner constitutes and appoints the General Partner (including its successors and assigns), any Liquidator, and authorized partners, officers, and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the Attorney-in-Fact deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may or plans to conduct business or own property.

Section 10.2 Duration of Power. The power of attorney granted herein is hereby declared to be irrevocable and a power coupled with an interest in recognition of the fact that each of the Partners will be relying upon the power of the Attorney-in-Fact to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and such power of attorney shall survive and not be affected by the subsequent incapacity of any Partner and the Transfer of all or any portion of any Partner's Partnership Interest, shall survive the death, incapacity, bankruptcy or insolvency of Partner and shall extend to any Partner's heirs, successors, assigns and personal representatives. Each Partner shall be bound by any action taken by the Attorney-in-Fact acting in good faith pursuant to such power of attorney and shall execute and deliver to the Attorney-in-Fact, within 15 days after receipt of the Attorney-in-Fact's request therefor, such further designation, powers of attorney and other instruments as the Attorney-in-Fact deems necessary to effectuate this Agreement and the purposes of the Partnership.

**ARTICLE XI
MISCELLANEOUS**

Section 11.1 Amendments. This Agreement may be amended or provisions waived at any time and from time to time by the General Partner with the consent of a majority in interest of the Limited Partners. Notwithstanding the foregoing, this Agreement may be amended by the General Partner, upon 30 days' prior notice to the Limited Partners, as to the following matters: (i) to add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner herein for the benefit of the Limited Partners; (ii) to cure any ambiguity, or to correct or supplement any provision in this Agreement which may be inconsistent with any other provision, provided that any such cure, correction or supplement does not determine any such ambiguity or resolve any inconsistency in a manner that is materially adverse to any right, duty or obligation of a Limited Partner; and (iii) to delete from or add any provision to this Agreement required or deemed necessary to be so deleted or added by any governmental authority or self-regulatory organization for the benefit or protection of the Limited Partners. Upon any amendment of this Agreement, the Certificate of Limited Partnership also shall be amended if necessary to reflect such amendment.

Section 11.2 Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement between the Partners and replaces and supersedes any oral or written agreements by and among the Partners or any of them.

Section 11.3 Governing Law. Except as set forth in the proviso, this Agreement and the rights of the parties hereunder shall be governed by, interpreted and enforced in accordance with, the internal laws (exclusive of the choice of law provisions thereof) of the State of Delaware as to all matters,

including, but not limited to, matters of validity, construction, effect, performance and remedies; *provided, however*, that any issues pertaining to water rights or water assets shall be governed by, and construed under, the laws of the State of Colorado.

Section 11.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties signatory hereto, and their respective permitted distributees, successors and assigns.

Section 11.5 Interpretation. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person or Persons, may in the context require. All headings, titles or captions herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. Words such as “herein,” “hereinafter,” “hereof,” “hereto,” “hereby” and “hereunder,” when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires. If any provision of this Agreement or the application thereof to any Person or circumstance is or becomes invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 11.6 Multiple Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. However, in making proof hereof it shall be necessary to produce only one copy hereof signed by the party to be charged. For the convenience of the parties, signatures exchanged by electronic mail are permissible and shall be accepted as originals.

Section 11.7 Execution of Documents. Each party hereto agrees to execute, with acknowledgment or affidavit, if required, any and all documents and writings which may reasonably be necessary or expedient in connection with the creation of the Partnership and the achievement of its purposes, specifically including the amendment to the Partnership’s Certificate contemplated by the terms hereof and all further amendments thereto or cancellation thereof.

Section 11.8 Reliance on Authority. In no event shall any Person dealing with the General Partner be obligated to ascertain that the terms of this Agreement have been complied with or be obligated to inquire into the necessity or expediency of any act or action of the General Partner. Every contract, agreement, deed, mortgage, promissory note, or other instrument or document executed by the General Partner with respect to the Partnership shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and/or delivery thereof, this Agreement was in full force and effect, (b) such instrument or document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Partnership and all of the Partners thereof, and (c) the General Partner was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.

Section 11.9 No Third Party Beneficiaries. This Agreement is made solely and specifically among and for the benefit of the parties hereto and their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and, except as expressly provided to the contrary herein, no other Person shall have any rights, interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise. No third party, including any creditor of the Partnership, shall have any right to enforce any contribution of capital, loan, or other advance of funds by any Partner.

Section 11.10 Notices. All notices and other communications provided for herein shall be given or made in writing and sent by electronic mail or commercial overnight courier, mailed or delivered to the intended recipient at the address set forth in the books and records of the Partnership. All such communications shall be deemed to have been duly given when transmitted by electronic mail, personally delivered by hand or by a commercial overnight courier. Any party hereto may, at any time by giving ten days' prior written notice to the other parties hereto, designate any other address in substitution of the foregoing address to which such notice shall be given.

Section 11.11 Waiver, etc. No failure by any party to insist upon strict performance of any covenant, duty, agreement or condition of this Agreement or to the exercise of any right or remedy resulting from a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition. All consents, waivers, amendments and supplements under or relating to this Agreement shall be in writing. Consents to any matter relating to this Agreement may be executed in multiple counterparts, and may be delivered to the Partnership by email or other electronic transmission, including in portable document format (pdf), and such delivery shall be considered to be a vote of written approval with respect to all matters to which the consent relates, if the transmission sets forth or is delivered with information from which the Partnership can determine that the transmission was transmitted by the party from whom consent was requested by the Partnership and the date on which the transmission was transmitted to the Partnership.

Section 11.12 Confidentiality. Unless otherwise approved in writing by the General Partner, each Limited Partner agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its interest in the Partnership or for purposes of filing such Limited Partner's tax returns, or for other routine matters required by federal securities or other laws) or to disclose to any Person any information or matter relating to the Partnership and its affairs (other than disclosure to such Limited Partner's owners, employees, agents, advisors or representatives, provided that such Persons agree to maintain such information confidentially); provided, however, that such information shall not be required to be maintained as confidential information to the extent that (i) the information being disclosed is publicly known at the time of disclosure, (ii) the information otherwise is or becomes legally known to such Person other than through disclosure by the General Partner or the Partnership, (iii) such disclosure is required by law, or (iv) such disclosure is in connection with any litigation or other proceeding between a Limited Partner and the General Partner or the Partnership. Prior to making any disclosure required by law, a Limited Partner shall notify the General Partner of such disclosure and advise the General Partner as to the requirement to disclose.

[signature page to follow]

IN WITNESS WHEREOF, the Partners have executed this Agreement, to be effective as of the date first herein written above.

GENERAL PARTNER:

AV Farms Management, LLC

By: /s/ Karl Nyquist
Karl Nyquist, Manager

LIMITED PARTNERS:

Geneses Water, L.P.
By Geneses Investment Management, LLC
(general partner)

By: /s/ Vivek Raj
Vivek Raj, Manager

C&A Rollover Company LLC

By: C&A Holding Company, Inc.

By: /s/ Karl Nyquist
Name: Karl Nyquist
Title: Vice President

Select Water Reuse, LLC

By: /s/ John Schmitz
John Schmitz, CEO

As to Sections 8.8 and 8.9 only:

Select Water Solutions, Inc.

By: /s/ John Schmitz
John Schmitz, CEO

[Signature Page to Limited Partnership Agreement]

SCHEDULE I

Limited Partners

<u>Name and Address</u>	<u>Capital Contribution</u>	<u>Number of Units</u>
Select Water Reuse, LLC 1820 I-35 Frontage Rd. Gainesville, Texas 76240	\$62,000,000 ¹	62,000
C&A Rollover Company, LLC 385 Inverness Pkwy, Suite 140 Englewood, Colorado 80112	\$71,000,000 ²	71,000
Geneses Water, LP 777 Post Oak Blvd. Houston, Texas 77056	\$42,000,000 ³	42,000
Totals	\$175,000,000	175,000

¹ Cash contribution

² Net Contribution Value of Water Assets contributed directly or indirectly by the Contributors.

³ Cash contribution

Schedules

NOTE: Schedules and exhibits on file with registrant; Information marked in this exhibit has been excluded in reliance with regulation S-K, item 601(B)(10)(IV) because such information is both not material and it the type that the registrant treats as confidential.

Schedule II
Computation of Call Price

Schedules

NOTE: Schedules and exhibits on file with registrant; Information marked in this exhibit has been excluded in reliance with regulation S-K, item 601(B)(10)(IV) because such information is both not material and it the type that the registrant treats as confidential.

Schedule III
Computation of Put Price

Schedules

NOTE: Schedules and exhibits on file with registrant; information in redacted information has been excluded in reliance with regulation S-K, item 601(B) (10)(IV) because such information is both non material and it is the type that the registrant treats as confidential

LIMITED LIABILITY COMPANY AGREEMENT
of
AV FARMS MANAGEMENT, LLC

This Limited Liability Company Agreement (this “Agreement”), of AV Farms Management, LLC (the “Company”), dated as of February 14, 2025, is entered into by Geneses Investment Management, LLC (“Geneses”), Select Water Reuse, LLC (“Select”) and C&A Holding Company, Inc. (“C&A” and together with Geneses, each a “Member” and collectively the “Members”).

WHEREAS, the Members and/or their respective affiliates have formed the Company in accordance with the Colorado Limited Liability Company Act, as amended (the “Act”), by filing the Certificate of Formation of the Company (the “Certificate”) with the Secretary of State of the State of Colorado; and

WHEREAS, the Company was formed for the purpose of acting as the general partner of AV Farms, LP, a Delaware limited partnership (the “Fund”); and

WHEREAS, the Members desire to enter into this Agreement to set forth the terms of the Company.

NOW THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Name.** The name of the limited liability company is AV Farms Management, LLC.
2. **Certificates.** The term of the Company commenced on the date that the Certificate was initially filed with the Office of the Colorado Secretary of State. The Company shall also execute and deliver any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may be required to qualify.
3. **Purpose.** The Company is formed for the purpose of (i) serving as the “General Partner” of the Fund, as the “General Partner” of the Fund, as defined in and more particularly described in the Limited Partnership Agreement of the Fund (the “Fund LPA”), and (ii) undertaking any other lawful act or activity related to the foregoing that may be taken by limited liability companies organized under the Act. Each of the Members or their respective affiliates will purchase Units of the Fund (as such term is defined in the Fund LPA). The Fund is being organized to acquire certain water rights assets previously identified by the Members.
4. **Principal Business Office.** The principal business office of the Company shall be located at such location as may hereafter be determined from time to time by the board of managers of the Company (the “Board”) as set forth herein.
5. **Registered Office and Registered Agent.** The Company’s initial registered agent and office shall be as set forth in the Company’s Certificate of Formation.

6. **Management.**

(a) Management of the Company shall be vested in those persons appointed to the Board as “Managers” hereunder (each such person a “Manager”). The Board shall be responsible for the operation and management of the business of the Company and (in the Company’s capacity as its general partner) the Fund. Except as otherwise expressly provided herein, each Manager shall perform such duties and shall possess all rights and powers generally conferred by applicable law or necessary, advisable or consistent in connection therewith.

(b) At all times the Board shall consist of nine Managers, of which (i) four Managers shall be designated by, and may only be removed and replaced by, C&A, (ii) two Managers shall be designated by, and may only be removed and replaced by, Geneses, (iii) two Managers shall be designated by, and may only be removed and replaced by, Select and (iv) one independent Manager (the “Independent Manager”), mutually acceptable to the Members and which, except as set forth herein, may only be removed and replaced with the mutual agreement of the Members. In the event that Select’s aggregate capital contributions to the Fund exceed 50.1% of the aggregate capital contributions to the Fund from all Members, Geneses shall voluntarily remove one of its Managers from the Board and transfer the rights to such vacant seat to Select for Select to fill with its own designee. For the avoidance of doubt, after the occurrence of the event described in the foregoing sentence, the composition of the Board would be as follows: (i) four Managers designated by, and which may only be removed by, C&A, (ii) one Manager designated by, and which may only be removed by, Geneses, (iii) three Managers designated by, and which may only be removed by, Select and (iv) the Independent Manager. Additionally, upon the date on which any Member no longer owns Interests in the Company, the right of such Member to appoint Managers shall cease. The Managers need not be Members of the Company, and a person will not be deemed to hold a membership interest in the Company by virtue of serving as a Manager. Each Manager will hold office until his or her death, disability resignation or removal. As of the date of this Agreement, the Members hereby agree that (i) the initial Independent Manager shall be [REDACTED] and (ii) upon the death or incapacity of [REDACTED], the replacement Independent Manager shall be a person mutually acceptable to all of the Members.

(c) Unless the context otherwise requires or if this Agreement otherwise requires, any action contemplated under this Agreement to be approved by the Board (other than a Major Decision as defined below) shall be deemed the action thereof if approved by five of the nine Managers. Notwithstanding the foregoing, the following decisions (“Major Decisions”) will require the consent of six of the nine Managers in order to be effective:

(i) implementing any change in the purpose or line of business of the Company or the Fund;

(ii) the Company’s or Fund’s issuing any equity securities or incurring any indebtedness for borrowed money (excluding the municipal bond financing described in Section 6.6 of the Fund LPA, but subject to the proviso at the end of this Section 6(c)), including any guarantees of the indebtedness of a third person or any pledge of assets to such indebtedness;

- (iii) entering into any transactions with affiliates of a Member or family members of such affiliates; or
- (iv) acquiring the business of any other person; or
- (v) causing the Company or the Fund to liquidate or dissolve or enter into any insolvency proceedings.

Further, the consent of the Managers designated by Select will be required in order for the Fund to incur, guarantee or otherwise be liable for indebtedness for borrowed money that does not meet the financial covenants in Select's bank credit facilities.

Notwithstanding the foregoing, if any of the Members or such Member's Affiliate becomes a Defaulting Limited Partner in accordance with the Fund LPA, the Managers designated by such Member will automatically cease to have rights to be designated as a Manager or exercise the powers of a Manager.

(d) The Fund is obligated to pay affiliates of the Members management fees as described more particularly in the Fund LPA and any separate management services agreements between the Fund and such affiliates. Management fees shall initially be allocated ■■■ to C&A and ■■■ to Geneses, subject to the following: (i) on and after the fifth anniversary date of this Agreement, the ■■■ management fees shall be allocated 25% to Select and 8% to Geneses and (ii) to the extent that the membership interest of either Geneses or C&A has been acquired pursuant to the provisions of this Agreement, such party's right to management fees will terminate.

7. **Limited Liability.** Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being an authorized person or a Member of the Company.

8. **Capital Contributions.** C&A, Select and Geneses have each contributed to the Company in cash the amounts of \$2,500, \$1,250 and \$1,250, respectively, and in consideration therefor, have respectively received 500, 250 and 250 units of membership interest ("Interests").

9. **Additional Contributions.** The Members shall not be required to make any additional capital contribution to the Company.

10. **Allocation of Profits and Losses.** The Company's profits and losses shall be allocated to the Members in accordance with their ownership of the Interests.

11. **Distributions.** Distributions shall be made to the Members, proportionate to their ownership of Units, at the times and in the aggregate amounts as determined by the Managers; provided, however, that, in the event that the "Call Option" under the Fund LPA has been

exercised, then from and after the date that [REDACTED] has received cumulative distributions from the Company of \$ [REDACTED] in respect of the General Partner's Carried Interest, [REDACTED] subsequent distributions payable to [REDACTED] shall instead be paid to [REDACTED]. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Members on account of their interest in the Company if such distribution would violate the Act or other applicable law.

12. **Officers.** The Board may from time to time appoint such officers of the Company as the Board deems necessary or advisable. In the event that the Board decides to elect officers for the Company, each such officer shall have such powers and authority, subject to the direction and control of the Managers, and shall perform such duties in connection with the management of the business and affairs of the Company as are provided in this Agreement, or as may be determined from time to time by resolution of the Managers. In addition, except as otherwise expressly provided herein, each officer shall have such powers and authority as would be incident to his or her office if he or she served as a comparable officer of a Colorado corporation.

13. **Other Business.** During the term of this Agreement, the Members and any affiliate of the Members may engage in or possess an interest in other business ventures (unconnected with the Company) of every kind and description, independently or with others. Notwithstanding the foregoing, the Fund LPA provides that, so long as C&A Rollover Company LLC is a limited partner of the Fund, C&A Rollover Company LLC will offer Select and Geneses (proportionately in accordance with their respective beneficial ownership of the Fund) the right of first refusal for any water project investment opportunity sourced by C&A Rollover Company LLC in the Arkansas River Valley basin in the State of Colorado which the Partnership is unable to pursue (it being understood that such right excludes aggregate projects covered by C&A Rollover Company's non-competition agreement with [REDACTED]). Further, the Company will be required to offer to the Partnership the right of first refusal for all future investment opportunities to the Partnership that (i) the Company reasonably believes falls within the investment objectives of, and is otherwise suitable for, consideration by the Partnership, (ii) are located in the Arkansas River Valley basin in the State of Colorado and (iii) are limited to those water projects presented to, or pursued by, the Company.

14. **Exculpation and Indemnification.**

(a) As used herein, "Covered Person" means (i) each Member, (ii) each officer, director, manager, employee, partner, equityholder, agent, representative or affiliate of each Member, and each of their respective affiliates, and (iii) each Manager or officer of the Company. The Company shall indemnify, defend and hold harmless, to the fullest extent permitted by the Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or repeal only to the extent that such amendment, substitution or repeal permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment, substitution or repeal), each Covered Person from and against all expenses, liabilities and losses (including attorneys' fees, judgements, fines, excise taxes or penalties) reasonably incurred or suffered by such Covered Person by reason of the fact that such Covered Person is or was a Covered Person; provided that no Covered Person shall be indemnified for any expenses, liabilities and losses suffered to the extent attributable to (A)

such Covered Person's or its affiliates' willful misconduct or knowing violation of law, or (B) any present or future breaches of any representations, warranties or covenants by such Person or its affiliates contained herein or in the other agreements with the Company. The right to indemnification conferred in this Section 14 shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Covered Person who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or arbitrative (hereinafter a "Proceeding") in advance of the final disposition of the Proceeding, including any appeal therefrom, and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Covered Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such Covered Person is not entitled to be indemnified under this Section 14 or otherwise.

(b) The Managers may exercise any of the powers granted to them by this Agreement and perform any of the duties imposed upon them hereunder either directly or by or through their agents, and no Manager or any of such Manager's affiliates shall be liable to the Company or to any Member for any misconduct or negligence on the part of any such agent duly appointed by the Managers (so long as such agent was selected in good faith and with reasonable care). The Managers shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Managers in good faith reliance on such advice shall in no event subject any Manager or any of such Manager's affiliates to liability to the Company or any Member.

(c) Whenever this Agreement or any other agreement contemplated herein provides that the Managers shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member, the Managers shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable United States generally accepted accounting practices or principles.

(d) Without limiting applicability of any other provision of this Agreement, the following provisions shall be applicable to the Managers in their capacity as members of the Board:

(i) The Managers shall have the benefit of the business judgment rule to the same extent as the Managers and such decisions would be afforded the benefit of such rule if the Managers were a board of directors of a corporation organized under the Colorado Business Corporation Act.

(ii) To the extent that, at law or in equity, a Manager or Member has duties (including fiduciary duties) and liabilities relating thereto to the Company or to the other Member(s), such Manager or Member, when voting on any action, shall not be liable to the Company or to the other Member(s) for his good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and

liabilities of a Manager or Member otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Manager or Member.

(iii) Notwithstanding any other provision of this Agreement or any duty otherwise existing at law, in equity or otherwise, whenever in this Agreement a Person who is a Member or a Manager is permitted or required to make a decision or take an action in the capacity as an investor or holder of Interests in the Company or on behalf of a Member (including as a partner, officer, representative or owner of an entity which is a Member) (and not in the capacity as a Manager), such Person in making such decisions or taking such actions shall not be subject to any fiduciary duties he, she or it would otherwise have under applicable law and shall be entitled to consider only such interests and factors as such Person desires, including its, his or her own interests or those of any of its, his or her affiliates, and shall, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person.

(e) The right to indemnification and the advancement of expenses conferred in this Section 14 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, by-law, vote of Managers or otherwise.

(f) Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 14 shall be provided out of and to the extent of Company assets only and no Member (unless such Member otherwise agrees in writing or is found in a final decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional capital contributions to help satisfy such indemnity of the Company.

15. ***Accounting and Tax Matters***

(a) The Company and each of its subsidiaries will keep books of record at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's interest in the Company.

(b) The Managers will select a Person to serve as the "Partnership Representative" (as defined in Section 6223(a) of the United States Internal Revenue Code of 1986 (as amended from time to time the "Code")). The Partnership Representative is hereby authorized to and shall perform all duties of a Partnership Representative under the Code and shall serve as Partnership Representative until his, her or its resignation or until the designation of his, her or its successor, whichever occurs sooner; provided, that the Partnership Representative shall take any action, and refrain from taking any action, as directed by the Board of Managers. The initial Partnership Representative will be Karl Nyquist.

(c) The Partnership Representative shall have authority to take any action that may be taken by a partnership representative under the Code; *provided, however*, in exercising such authority, the Partnership Representative shall be limited by the provisions of this Agreement affecting tax aspects of the Company.

(d) The Company shall indemnify and hold harmless the Partnership Representative for any liabilities and all reasonable and documented costs and expenses incurred by the Partnership Representative in its capacity as such. The Partnership Representative will, on a reasonably timely basis, provide the Company with copies of all notices received by the Partnership Representative from the Internal Revenue Service in connection with any proceeding or potential adjustment relating to the Company. With respect to any such proceeding or potential adjustment, the Company will, on a reasonably timely basis, provide each Member with copies of all notices received by the Company or the Partnership Representative from the Internal Revenue Service. Each Member hereby agrees to cooperate to provide any information or take such other actions as may be requested by the Partnership Representative with respect to the conduct of such examinations or proceedings.

16. **Resignation.** If a Member resigns, a replacement (subject in all cases to the prior approval of the remaining Member) shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately prior to the resignation, and, immediately following such admission, the resigning Member shall cease to be a Member of the Company.

17. **Limitations on Transfers of Interests by Members.** Each Member hereby agrees that it shall not at any time during the term of this Agreement sell or transfer any Interests owned by such person on the date hereof except: (i) by sale in accordance with Section 18 or Section 19 hereof or (ii) in a “Permitted Transfer.” As used herein, “Permitted Transfer” shall mean a transfer by a Member to any entity that directly or indirectly controls, is controlled by or is under common control with such Member and that agrees to be bound by the terms of this Agreement. Any attempted transfer of Interests in violation of this Section 17 shall be null and void and of no effect whatsoever. In the event of a Permitted Transfer of a Member’s interest or sale in accordance with Section 18 hereof, the transferee shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately prior to the transfer, and immediately following such admission, the transferor Member shall cease to be a Member of the Company.

18. **Right of First Refusal.** In the event that any Member intends to sell or otherwise transfer all or any part of its Interest to a third party other than a Permitted Transferee:

(a) Such Member (the “Selling Member”) shall first deliver to the other Members (the “Non-Selling Member”) a Written notice (the “Offer Notice”), which Offer Notice shall indicate the intent of the Selling Member to sell its Interest, the Interests proposed to be sold and the terms of the consideration which the Selling Member will receive in consideration of such sale or transfer (the “Section 18 Offer”). The Selling Member will give notice to each of the Non-Selling Members of its intent to potentially sell its Interests as far in advance of the actual Offer Notice as is reasonably practicable, and the Selling Member will immediately notify each of the Non-Selling Members and keep the latter informed of any material and meaningful discussions with respect to such potential sale, it being understood that the intent of such disclosure is to provide the Non-Selling Members with the opportunity to make such verifications and preparations as are necessary for said Non-Selling Members to respond to the Offer Notice in the event such an offer is made.

The Company shall, at the Company's expense, provide the Non-Selling Members with such data as they may reasonably request for purposes of evaluating the Section 18 Offer.

(b) Each Non-Selling Member shall have the right and option, for a period of 60 days after receipt of the Offer Notice, to accept all (and not less than all) of the Interests so offered at the purchase price and on the terms stated in the Offer Notice. Such acceptance shall be made by delivering a written notice to the Company and the Selling Member within said 60-day period. If more than one of the Non-Selling Members accepts the offered Interests, their acceptance shall be prorated on the basis of the Proportionate Percentage of each of the Non-Selling Members. As used in this Agreement, "Proportionate Percentage" shall mean as to any Member the percentage figure which expresses the ratio between the number of Interests owned by such Member and the aggregate number of Interests owned by all Members similarly participating in any action with such Member.

(c) Sales of Interests under the terms of clause (b) above shall be made at the offices of the Company on a mutually satisfactory business day within 30 days after the Non-Selling Member(s), indicates its acceptance of the right and option to purchase the offered Interests.

(d) If effective acceptance shall not be received pursuant to clause (b) above with respect to all of the Interests offered for sale pursuant to the Offer Notice, then the Selling Member may sell all or any part of the Interests so offered for sale and not so accepted at a price not less than the price, and on terms not more favorable to the purchaser thereof than the terms, stated in the Offer Notice at any time within 90 days after the expiration of the offer required by clause (b) above. In the event that the Interests are not sold by the Selling Member during such 90-day period, the right of the Selling Member to sell such Interests shall expire and the obligations of this Section 18 shall be reinstated.

(e) Anything contained herein to the contrary notwithstanding, any purchaser or transferee of Interests pursuant to Section 18 who is not a party to this Agreement shall agree in writing in advance with the parties hereto to be bound by and comply with all applicable provisions of this Agreement and, unless such person is a Member, shall be deemed to be a Member for all purposes of this Agreement.

19. ***Put and Call Option; Right of First Refusal, etc.*** The Fund LPA provides for (i) the option of Select to acquire the interests of Geneses and C&A Rollover Company, LLC in the Fund ("Call Option" as such term is defined in the Fund LPA) and (ii) the option of C&A Rollover Company LLC and/or Geneses to cause Select to acquire their interests in the Fund ("Put Option" as such term is defined the Fund LPA). The Fund LPA also grants to Select a right of first refusal to consummate an "Authorized Change of Control" for its own account on the terms and conditions afforded to a "Prospective Acquirer" (as such terms are defined in the Fund LPA). In the event that Select acquires the interest in the Fund of C&A Rollover Company LLC and/or Geneses pursuant to the Call Option, Put Option or right of first refusal, as the case may be, Select shall also acquire the Interests of C&A and/or Geneses (as applicable) in the Company. The closing of such transaction will be contemporaneous with the closing of the Put Option, Call Option (as applicable) or Authorized Change of Control under the Fund LPA. The purchase price to be paid by Select to C&A and/or Geneses will be their proportionate percentage of the Carried Interest

which would be distributable to the General Partner based on a hypothetical sale of 100% of the assets of the Fund at the enterprise value implied by the “Put Price,” “Call Price” or “Authorized Change of Control” and distribution of the “Carried Interest” (as such terms are defined in the Fund LPA) to the Company pursuant to the Fund LPA. For purposes of calculating the hypothetical sale and distribution pursuant to the preceding sentence, the following additional procedures shall be applicable:

(a) Select’s capital contribution to the Fund will be deemed to equal (i) the Capital Contributions made by Select on or about the date hereof plus (ii) one-half of Select’s subsequent Capital Contribution to the Fund.

(b) If only C&A Rollover Company LLC or Geneses exercises the Put Option (in such capacity, the “Exercising Member”) and the other does not, the amount of Carried Interest paid to the Exercising Member pursuant to this Section 19 will be proportionately reduced to reflect such fact (with the balance of any Carried Interest payable at the time of, and dependent upon, the final dissolution of the Company). For sake of clarity, Schedule 19 sets forth a hypothetical calculation of this clause (b).

20. ***Dissolution.***

(a) The Company shall be dissolved upon the first to occur of the following:

- (i) the dissolution of the Fund;
- (ii) the sale of all or substantially all of the Company’s assets;
- (iii) the decision to dissolve by a vote of the holders of at least 80% of the Interests; or
- (iv) any other event resulting in dissolution of the Company under the Act.

(b) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in the Act.

(c) The bankruptcy of a Member shall not cause the Member to cease to be a Member of the Company, and, upon the occurrence of such an event, the business of the Company shall be continued without dissolution. The retirement, resignation, expulsion or dissolution of a Member, or the occurrence of any other event under the Act that terminates the continued membership of the Member in the Company, shall not cause the Company to be dissolved or its affairs wound up, and, upon the occurrence of any such event, the business of the Company shall continue without dissolution.

21. ***Counterparts.*** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement. Facsimile, PDF and other forms of

electronic signature are effective for all purposes.

22. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings or agreements between the parties.

23. **Amendments.** This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the holders of at least 80% of the Interests; provided, however, no amendment may be made pursuant to this Section 23 or otherwise, without the consent of the effected Member, which:

- (i) increases the obligation of any Member to make additional Capital Contributions to the Company or to the Fund;
- (ii) provides for any adverse change in allocations of profits or loss or distributions of cash flow;
- (iii) changes the purpose of the Company or the Fund; or
- (iv) in the opinion of counsel to the Company, would cause the Company to be treated as an association taxable as a corporation for United States federal income tax purposes.

24. **Separability of Provisions.** Each provision of this Agreement shall be construed and interpreted in a manner so as to permit its enforcement to the fullest extent permitted by law. Each provision of this Agreement shall be separable, and, if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law (after considering such provision or provisions so as to permit enforcement to the fullest extent permitted by law), such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

25. **Governing Law.** Except as set forth in the proviso, this Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws; *provided, however*, that any issues pertaining to water rights or water assets shall be governed by, and construed under, the laws of the State of Colorado.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of February 14, 2025.

C&A Holding Company, Inc.

By: /s/ Karl Nyquist
Karl Nyquist, Vice President

Geneses Investment Management, LLC

By: /s/ Vivek Raj
Vivek Raj, Manager

Select Water Reuse, LLC

By: /s/ John Schmitz
John Schmitz, Manager

NOTE: Schedules and exhibits on file with registrant; information in redacted information has been excluded in reliance with regulation S-K, item 601(B)(10)(IV) because such information is both non material and it is the type that the registrant treats as confidential

Schedule 19
Hypothetical Put Scenario

**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**

I, John Schmitz, certify that:

1. I have reviewed this quarterly report of Select Water Solutions, 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 controls 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: May 7, 2025

/s/ John D. Schmitz

John D. Schmitz

Chairman, President and Chief Executive Officer

**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**

I, Chris George, certify that:

1. I have reviewed this quarterly report of Select Water Solutions, 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 controls 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: May 7, 2025

/s/ Chris George

Chris George

Executive Vice President and Chief Financial Officer

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the quarterly report of Select Water Solutions, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John Schmitz, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2025

/s/ John D. Schmitz

John D. Schmitz
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the quarterly report of Select Water Solutions, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Chris George, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2025

/s/ Chris George
Chris George
Executive Vice President and Chief Financial
Officer
(Principal Financial Officer)
