

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2023

CorEnergy Infrastructure Trust, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland **001-33292** **20-3431375**
(State or other jurisdiction of incorporation or organization) (Commission File Number) (IRS Employer Identification No.)

1100 Walnut, Ste. 3350 Kansas City, MO 64106
(Address of Registrant's Principal Executive Offices) (Zip Code)

(816) 875-3705
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
Common Stock, par value \$0.001 per share	CORR	New York Stock Exchange
7.375% Series A Cumulative Redeemable Preferred Stock	CORRPrA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On March 7, 2023, CorEnergy Infrastructure Trust, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2022. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K.

The information in this Item 2.02, and Exhibit 99.1 to this Current Report on Form 8-K, shall not be deemed "filed" for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

During the preparation of its audited financial statements for the fiscal year ended December 31, 2022, the Company identified an error in its accounting for earnings per share ("EPS") and the allocation of net income to non-controlling interest arising from over allocation of net income from Crimson Midstream Holdings, LLC, the Company's consolidated variable interest entity ("Crimson"), to non-controlling interest. The Company previously reported its net income attributable to non-controlling interest based on the relative ownership interests, which was approximately 51% for the non-controlling interest, but upon further analysis the Company has determined that it should have allocated the net income from Crimson to the non-controlling interest based on their contractual rights to earnings and distributions.

On March 3, 2023, the Audit Committee of the Board of Directors of the Company concluded, after discussion with the Company's management, that the Company's consolidated audited financial statements as of and for the fiscal year ended December 31, 2021 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and the Company's consolidated unaudited financial statements as of and for the periods ended March 31, 2021, June 30, 2021, September 30, 2021, March 31, 2022, June 30, 2022, and September 30, 2022 (collectively, the "Non-Reliance Periods") included in the Company's Quarterly Reports on Form 10-Q filed with the SEC for the Non-Reliance Periods, should no longer be relied upon. In addition to the restatement errors described above, the Company expects to correct certain items that were previously identified and concluded as immaterial, individually and in the aggregate, to the financial statements for the Non-Reliance Periods.

Similarly, any previously issued or filed reports, press releases, earnings releases, and investor presentations or other communications describing the Company's consolidated unaudited financial statements which report EPS or Net Income attributable to non-controlling interest, and other related financial information covering the Non-Reliance Periods should no longer be relied upon.

The misstatement in EPS and net income allocated to non-controlling interest do not impact the Company's primary financial metrics including non-GAAP financial information or reconciliations to GAAP financial information, nor were any forward-looking financial metrics affected by the errors. This includes the primary financial metrics used by the Company's management team to monitor and evaluate the business including Net Loss, Adjusted Net Income, Adjusted EBITDA, Cash Available for Distribution, liquidity and debt-to-EBITDA leverage ratio. These non-GAAP financial metrics are the primary metrics used by the Board of Directors in determining the appropriateness of paying Preferred and Common dividends, and as such, the over allocation of income to non-controlling interest and related impacts to EPS would not have changed the dividend decisions made during the Non-Reliance Periods. While not a primary financial metric used by management to evaluate the business, it should also be noted that the impact of over allocating net income to non-controlling interest had resulted in a lower reported Net Income to CorEnergy Stockholders, and Common Stock EPS, for the Non-Reliance Periods compared to what should have been reported.

Additionally, certain of the errors in EPS are associated with the calculation of EPS under the two-class method which was required after the issuance of the Company's Class B Common Stock in July of 2021, which will mandatorily convert to Common Stock in Q1 2024. The Company currently expects the conversion to occur at the lower 0.68:1 ratio based on current dividend forecasts and the Company does not expect to disclose EPS for both Common Stock and Class B Common Stock following this conversion. The error in non-controlling interest allocation is associated with Crimson securities held by the non-controlling interest that have not been eligible for conversion into Company securities as a result of delays in the California Public Utilities Commission ("CPUC") decision on the change of control application.

The Company intends to restate the financial statements for the Non-Reliance Periods to correct these errors as soon as practicable in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 Annual Report"). Accordingly, investors and others should rely on financial information and other disclosures regarding the Non-Reliance Periods only once the Company restates its consolidated audited and unaudited financial statements for the Non-Reliance Periods.

The Company's management is still completing its assessment of the impact on the Company's internal controls over financial reporting. The Audit Committee and management have discussed the matters disclosed in this Current Report on Form 8-K with the Company's independent registered public accounting firm, Ernst & Young LLP.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act of 1934. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "strategy," "future," "likely," variations of such words, and other similar expressions, as they relate to the Company, are intended to identify forward-looking statements. However, the absence of these words or similar expressions does not

mean that a statement is not forward-looking. Forward-looking statements in this report include those regarding: (a) the expected impacts of the errors discussed in this report on the Company's financial statements for the Non-Reliance Periods; (b) the potential adjustments to the Company's financial statements for the Non-Reliance Periods as discussed in this report; and (c) the expected timing of the Company's restatement of the financial statements for the Non-Reliance Periods.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this report which may prove to be incorrect, include but are not limited to, the various assumptions set forth herein. These assumptions may prove to be incorrect in whole or in part. The forward-looking information set forth in this report is subject to various assumptions, risks, uncertainties and other factors that are difficult to predict and which could cause actual results to differ materially from those expressed or implied in the forward-looking information. The Company disclaims any intention or obligation to update or revise any forward-looking statements to reflect subsequent events and circumstances, except to the extent required by applicable law.

Item 9.01 Financial Statements and Exhibits.

(d) EXHIBITS.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated March 7, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COREENERGY INFRASTRUCTURE TRUST, INC.

Dated: March 7, 2023

By: /s/ Robert L Waldron
Robert L Waldron
President and Chief Financial Officer



CorEnergy Announces 2022 Results and 2023 Outlook

KANSAS CITY, MO - March 7, 2023 - CorEnergy Infrastructure Trust, Inc. (NYSE: CORR, CORRPrA) ("CorEnergy" or the "Company") today announced financial results for the fourth quarter and year ended December 31, 2022.

Fourth Quarter 2022 and Recent Developments

- Reported Total Revenue of \$36.3 million for the three months ended December 31, 2022.
- Generated Net Loss of \$553 thousand, and Adjusted EBITDA (a non-GAAP financial measure) of \$9.4 million.
- Transported an average of 164,763 barrels per day, versus 164,748 barrels per day for the previous quarter.
- In February 2023, filed a proposed 36% tariff increase on Crimson's SPB system and began collection of a 10% increase in March 2023.
- In March 2023, filed a proposed 107% increase on Crimson's KLM system which is in addition to the 10% tariff increase filed Q3 2022 that is currently being collected.
- Announced suspension of dividends on CorEnergy's 7.375% Series A Cumulative Redeemable Preferred Stock and the Company's Common Stock.
- In February 2023, we amended our credit facility to extend the maturity to May 2024, as well as defer the step down in certain covenant ratios from Q1 2023 to Q3 2023. This will provide us additional time to manage our near-term debt maturities and pursue previously announced asset monetization and leverage reduction initiatives.
- Intends to publish an ESG Program update with the filing of its Form 10-K for 2022, which is expected to include the following highlights:
 - Scope 1 and 2 emissions reduced by 56% on a CO₂e basis from 2021 baseline
 - Initiation of a plan to reduce methane emissions by an estimated 65% by 2025
 - Implementation of Board oversight of Cybersecurity and ESG programs

Management Commentary

"Our fourth quarter saw consistent, elevated volumes transported on our Crimson systems, pending restart of another pipeline serving central California producers. That pipeline restarted in February, resulting in volume reductions which we expect to continue in future periods. The State of California has also added new maintenance and inspection requirements that will increase Crimson's cost of service going forward. In response to these market conditions, we have realigned our corporate structure, reduced corporate G&A, reduced 2022 incentive bonus

payouts, and senior management took a 10% salary reduction. We filed for appropriate tariff increases on all three of Crimson's California systems and have begun collection of initial 10% increases as the rate cases are adjudicated by the California Public Utilities Commission," said Dave Schulte, Chairman and Chief Executive Officer.

"While our Missouri natural gas assets continue to generate steady results, the changes in California market conditions have reduced our cash available for distribution in the near-term. We also believe that near-term debt maturities will provide a transitory challenge, such that retained capital will best serve the interests of our stockholders while we take action to investigate asset monetization opportunities and reduce total leverage. In light of these dynamics, the Board agreed with management's recommendation to temporarily suspend dividends but will continue to evaluate this decision each quarter."

"Even as we work through these present challenges, we are making progress on our carbon capture and sequestration initiative in California. Our Crimson systems and rights-of-way provide a critical linkage between large carbon emission sources and prospective storage reservoirs - an asset that we believe would be difficult, or even impossible, to replicate today. We are working with multiple parties to determine the best path forward in this new market opportunity."

Fourth Quarter and Year-to-Date 2022 Performance Summary

Fourth quarter financial highlights are as follows:

	For the Three Months Ended December 31, 2022		For the Year Ended December 31, 2022	
	Total		Total	
Net Loss	\$	(552,852)	\$	(9,519,669)
Adjusted Net Income (Loss) ¹	\$	(56,960)	\$	8,073,050
Cash Available for Distribution (CAD) ¹	\$	(2,812,369)	\$	(1,586,702)
Adjusted EBITDA ²	\$	9,438,989	\$	40,361,843
Dividends Declared to Common Stockholders	\$	0.05	\$	0.20

¹ Non-GAAP financial measure. Adjusted Net Income and Adjusted EBITDA exclude special items for the three months ended December 31, 2022 of \$0.5 million, and for the year ended December 31, 2022 of \$1.4 million, which are transaction costs; however, CAD has not been so adjusted. Reconciliation of Adjusted Net Income and CAD to Net Loss, the most directly comparable corresponding GAAP measure, is included in the additional financial information attached to this press release. See Note 1 below for additional information.

² Non-GAAP financial measure. Adjusted EBITDA excludes special items for the three months ended December 31, 2022 of \$0.5 million, and for the year ended December 31, 2022 of \$1.4 million, which are transaction costs. Reconciliation of Adjusted Net Income and CAD to Net Loss, the most directly comparable corresponding GAAP measure, is included in the additional financial information attached to this press release. See Note 2 below for additional information.

Crimson Rate Increases

During the first quarter of 2023, Crimson filed for a 36% rate increase on its SPB pipeline and 107% increase on its KLM pipeline, additive to the 10% increase filed in 2022, based on the regulated cost-of-service tariff structure. Both tariff filings were protested by shippers and will proceed through the CPUC approval process.

The Company commenced collecting a 10% tariff increase on the SPB system in March 2023.

During the third quarter of 2022, Crimson filed for a tariff increase of 35% on its Southern California pipeline system and 10% on its KLM pipeline. Both of the third quarter tariff filings were protested by shippers and are proceeding through the CPUC approval process, with resolution expected in 2024. The Company commenced collecting a 10% tariff increase on both systems 30 days after the respective third quarter filings, subject to refund, as allowed by the CPUC rules.

The Company plans to file and begin collecting an additional 10% increase on its Southern California, KLM and SPB systems on the anniversary dates of their initial filings until the matters are resolved. CorEnergy believes Crimson's cost-of-service fully justifies all requested increases.

Business Development Activities

CorEnergy continues to seek opportunities for negotiated transactions; however, there can be no assurances that any such opportunities will be consummated on terms that are acceptable or advantageous or at all. Further, the Company's priorities in the more immediate term during 2023 are preserving liquidity in light of declining volumes and increased costs in its California systems, as well as near-term debt maturities, which may include continued suspension of dividends, monetizing assets and reducing total leverage.

2023 Outlook

CorEnergy provided the following outlook for 2023:

- Expected Adjusted EBITDA of \$33-35 million inclusive of maintenance expense of \$9 - \$10 million, lower than 2022 due to expected reduced volumes and delays in tariff processes (see Note 2 for additional details);
- Increased capital expenditures over 2022, expected to be in the range of \$10 - \$11 million. These costs are not expected to be uniform throughout the year due to project timing.
- Expects the Company's Class B Common Stock, inclusive of any A-2 and A-3 Units potentially exchangeable to Class B Common Stock, to mandatorily convert to Common Stock at a ratio of 0.68:1, as opposed to 1:1, during Q1 2024.

Restatement of Previously Issued Financial Statements

On March 3, 2023, CorEnergy's Audit Committee, after discussion with the Company's management, determined the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and Quarterly Reports on Form 10-Q for the quarterly periods in each of the fiscal years ended December 31, 2021 and 2022 require restatement due to an error in its accounting for earnings per share ("EPS") and the allocation of net income to non-controlling interest arising from over allocation of net income from Crimson

to non-controlling interest.. The restatement does not affect key metrics the Company previously disclosed for these periods, including Net Loss, Adjusted Net Income, CAD and Adjusted EBITDA, and had no impact on the Company's evaluations or decisions including declarations of Preferred or Common Stock dividends. Also not affected were reconciliations of these Non-GAAP metrics. The Company previously reported its net income attributable to non-controlling interest based on the relative ownership interests, which was approximately 51% for the non-controlling interest, but upon further analysis the Company has determined that it should have allocated the net income from Crimson to the non-controlling interest based on their contractual rights to earnings and distributions.

Dividend and Distribution Declarations

As previously announced, CorEnergy's Board of Directors suspended dividend payments on its 7.375% Series A Cumulative Redeemable Preferred Stock and the Company's Common Stock due to lower operating outlook, and unrelated to the Company's pending restatement of financial statements discussed above.

The Company will continue to evaluate dividends, subject to Board approval, on a quarterly basis in line with current practices and non-GAAP financial metrics utilized historically to indicate that dividends were earned, such as Adjusted EBITDA, CAD, and leverage and liquidity measures.

CorEnergy's 7.375% Series A Cumulative Redeemable Preferred Stock will accrue dividends during any period in which dividends are not paid. Any accrued Series A Cumulative Redeemable Preferred dividends must be paid prior to the Company resuming common dividend payments.

Based on the suspension of dividend payments to CorEnergy's public equity holders, the Crimson A-1, A-2 and A-3 Units and CorEnergy's Class B Common Stock will not receive dividends.

Fourth Quarter Results Call

CorEnergy will host a conference call on Tuesday, March 7, 2023 at 10:00 a.m. Central Time to discuss its financial results. The call may also include discussion of Company developments, and forward-looking and other material information about business and financial matters. To join the call, dial +1-973-528-0011 and provide access code 423263 at least five minutes prior to the scheduled start time. The call will also be webcast in a listen-only format. A link to the webcast will be accessible at corenergy.reit.

A replay of the call will be available until 10:00 a.m. Central Time on April 6, 2022, by dialing +1-919-882-2331. The Conference ID is 47572. A webcast replay of the conference call will also be available on the Company's website, corenergy.reit.

About CorEnergy Infrastructure Trust, Inc.

CorEnergy Infrastructure Trust, Inc. (NYSE: CORR, CORRPRA) is a real estate investment trust that owns and operates or leases regulated natural gas transmission and distribution lines and crude oil gathering, storage and transmission pipelines and associated rights-of-way. For more information, please visit corenergy.reit.

Forward-Looking Statements

The financial results in this press release reflect preliminary, unaudited results, which are not final until the Company's Annual Report on Form 10-K for the year ended December 31, 2022 is filed. With the exception of historical information, certain statements contained in this press release may include "forward- looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as those pertaining to our guidance, pursuit of growth opportunities, anticipated transportation volumes, expected rate increases, planned capital expenditures, planned dividend payment levels, expected ESG program updates and developments, capital resources and liquidity, and our planned acts relating thereto, the pending restatement of our financial statements and the expected impacts thereof and results of operations and financial condition. You can identify forward-looking statements by use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals," "objectives," "targets," "predicts," "plans," "seeks," or similar expressions or other comparable terms or discussions of strategy, plans or intentions. Although CorEnergy believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including, among others, changes in economic and business conditions; a decline in oil production levels; competitive and regulatory pressures; failure to realize the anticipated benefits of requested tariff increases; risks related to the uncertainty of the projected financial information with respect to Crimson; compliance with environmental, safety and other laws; our continued ability to access debt and equity markets and comply with existing debt covenants; risks associated with climate change; risks associated with changes in tax laws and our ability to continue to qualify as a REIT; and other factors discussed in CorEnergy's reports that are filed with the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required by law, CorEnergy does not assume a duty to update any forward-looking statement. In particular, any dividends paid in the future to our stockholders will depend on the actual performance of CorEnergy, its costs of leverage and other operating expenses and will be subject to the approval of CorEnergy's Board of Directors and compliance with leverage covenants and other applicable requirements.

Notes

1 Management uses Adjusted Net Income as a measure of profitability and CAD as a measure of long-term sustainable performance. Adjusted Net Income and CAD are non-GAAP measures. Adjusted Net Income represents net income (loss) adjusted for loss on goodwill impairment, transaction-related costs, less gain on sale of equipment. CAD represents Adjusted Net Income adjusted for depreciation, amortization and ARO accretion (cash flows), stock-based compensation, and deferred tax expense less transaction-related costs, maintenance capital expenditures, preferred dividend requirements, and mandatory debt amortization.

2 Management uses Adjusted EBITDA as a measure of operating performance. Adjusted EBITDA represents net income (loss) adjusted for items such as loss on impairment and disposal of leased property, loss on termination of lease, loss on extinguishment of debt, loss on impairment of goodwill, transaction-related costs, depreciation, amortization and ARO accretion expense, stock-based compensation, income tax expense, interest expense less gain on the sale of equipment and other accruals write-off. Future period non-GAAP guidance includes adjustments for special items not indicative of our core operations, which may include, without limitation, items included in the additional financial information attached to this press release. Such adjustments may be affected by changes in ongoing assumptions and judgments, as well as nonrecurring, unusual or unanticipated charges, expenses or gains or other items that may not directly correlate to the underlying performance of our business operations. The exact amounts of these adjustments are not currently determinable but may be significant. It is therefore not practicable to provide the comparable GAAP measures or reconcile this future period non-GAAP guidance to the most comparable GAAP measures.

Contact Information:

CorEnergy Infrastructure Trust, Inc.
Investor Relations
Jeff Teeven or Matt Kreps
info@coreenergy.reit

Source: CorEnergy Infrastructure Trust, Inc.

Non-GAAP Financial Measurements (Unaudited)

The following table presents a reconciliation of Net Loss, as reported in the Consolidated Statements of Operations, to Adjusted Net Income and CAD:

	For the Three Months Ended		For the Year Ended	
	December 31, 2022		December 31, 2022	
Net Loss	\$	(552,852)	\$	(9,519,669)
Add:				
Loss on goodwill impairment		—		16,210,020
Transaction costs		495,892		1,422,377
Less:				
Gain on sale of equipment		—		39,678
Adjusted Net Income, excluding special items	\$	(56,960)	\$	8,073,050
Add:				
Depreciation, amortization and ARO accretion		4,078,745		16,076,526
Amortization of debt issuance costs		412,064		1,648,242
Stock-based compensation		227,734		612,117
Deferred tax expense		1,403,981		1,498,584
Less:				
Transaction costs		495,892		1,422,377
Maintenance capital expenditures		3,184,699		7,283,476
Preferred dividend requirements - Series A		2,388,130		9,552,520
Preferred dividend requirements - Non-controlling interest		809,212		3,236,848
Mandatory debt amortization		2,000,000		8,000,000
Cash Available for Distribution (CAD)	\$	(2,812,369)	\$	(1,586,702)

The following table presents a reconciliation of Net Loss, as reported in the Consolidated Statements of Operations, to Adjusted EBITDA:

	<u>For the Three Months Ended</u>	<u>For the Year Ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2022</u>
Net Loss	\$ (552,852)	\$ (9,519,669)
Add:		
Loss on goodwill impairment	—	16,210,020
Transaction costs	495,892	1,422,377
Depreciation, amortization and ARO accretion	4,078,545	16,076,326
Stock-based compensation	227,734	612,117
Income tax expense, net	1,234,200	1,671,911
Interest expense, net	3,955,470	13,928,439
Less:		
Gain on the sale of equipment	—	39,678
Adjusted EBITDA	<u>\$ 9,438,989</u>	<u>\$ 40,361,843</u>