Acquisition of JP3
Maximizing Value of the Full Hydrocarbon Stream with Real-Time Data and Analytics

May 18, 2020
Forward Looking Statements

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Compelling Acquisition Rationale

- Adds high growth business with proven technology platform that supports digital transformation in the energy industry
- Clear runway into $1 billion addressable market with significant international opportunity, utilizing Flotek’s global reach
- JP3 delivers strong value for customers, with the automation of real-time analysis driving increased profitability for customers even in a weak oil market
- Significant downstream distribution opportunity highlighted by JP3’s and Phillips 66’s recent joint marketing agreement
- Creates opportunity for recurring revenue at high margins, with JP3’s continued transition to a DaaS business model
- Diversifies Flotek's business across all segments of the hydrocarbon value chain, while enhancing existing chemistry applications and broadening its customer reach across the midstream and downstream sectors
Transaction Summary

Transaction Details

- Equity purchase of 100% ownership of JP3 Measurement, LLC, from private investors
- Closed on Monday, May 18, 2020
- $25.0 million cash
- 11.5 million shares of Flotek stock
- $5.0 million cash earnout potential
- Assumption of $1.3 million in debt

JP3 Financial Highlights

- High-growth business with expanding recurring revenue opportunities
- Addressable market of $1 billion annually in US alone; with significant international opportunity
- Platform technology that reshapes the economics of hydrocarbon production, blending, processing and trading
- Revenue CAGR of 58% over past four years with over sixty oil and gas customers, transitioning from traditional equipment sales to Data as a Service (DaaS) model
- Accelerated growth enabled by Flotek's liquidity, industry relationships and international market access

1. Subject to lock-up provision until 12/31/2020
2. $2.5MM in the event Company's common stock reaches $2/share based on a volume-weighted average price within 5 years of closing; additional $2.5MM in the event Company's common stock reaches $3/share based on a volume-weighted average price within 5 years of closing
JP3 Platform Technology Providing Real-Time Data & Analytics to the Full Hydrocarbon Stream

JP3 Leverages Cutting-Edge Optical Technology and Real-Time Data & Analytics Platforms to Maximize the Value of Oil, Natural Gas and Refined Fuels

JP3 Mission

• Since 2012, the company has provided real-time analysis of the composition and physical properties of the hydrocarbon streams for its clients
• Platform applications serve production, transportation, process, refining and sales, enabling customers to radically improve their operational efficiencies, reduce costs and maximize profitability
The Need for Real-Time Data in the Modern Age of Oil & Gas Digitalization

One Technology Platform – Wide Range of Applications

Upstream
Example:
Low-cost, real-time analysis of crude’s value at the wellhead enables new contract pricing structures between producer and refiner based on actual composition rather than outdated API Gravity proxy

Midstream
Example:
Gas process plants running Automated Process Control systems require real-time liquids composition for plant balancing and give-away reduction

Downstream
Example:
Refineries can custom-blend crude from multiple day tanks or supply pipelines to craft optimized feedstock in real time instead of running blind

Distribution
Example:
Refined fuel terminals and pipelines can be optimized to reduce or eliminate transmix of fuels in common pipelines and significantly increase profits

Current Industry Use Cases

- Well pad separation units (gas and liquid)
- Vapor recovery units
- Compressor fuel gas
- Liquid and gas allocations/NGL custody transfers
- Stabilizers
- Truck offloading
- Stabilization (crude, condensate)
- Pipelines (products, interfaces)
- Gas plants and fractionation plants
- Gas pipelines
- Crude Distillation Unit
- Terminals (Refined fuels, NGLs)
- Pipelines (refined fuels, purity products)
- Gasoline blending (vapor pressure, butane)
- NGL blending (ethane/propane)
- Heater Treaters
- Truck loading
- Terminals (crude, NGL, condensate)
- Blending (crude, NGLs)
- Refinery crude supply
- Crude blending
JP3 data solution overcomes limitations of traditional technologies

<table>
<thead>
<tr>
<th>Previous Technologies</th>
<th>Environmental</th>
<th>JP3 Verax Edge Analyzers and Viper Cloud Solutions</th>
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<tbody>
<tr>
<td>• Environmental risks due to extracting samples required for each analysis</td>
<td>• Zero emissions by design</td>
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<tr>
<td>• Lack of visibility into actual GHG emissions</td>
<td>• Opportunity to quantify GHG emissions</td>
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<td>• Safety concerns with gas being brought to analyzer or liquids needing vaporization</td>
<td>• Inherently safe edge systems, liquids and gases remain in native state</td>
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<td></td>
<td>• Equipment can be run at spec limits without danger</td>
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<td>• High operating expenses due to carrier gases, calibration samples and expensive shelters</td>
<td>• Lower operating costs due to fully solid-state analyzer systems that require no consumables</td>
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<tr>
<td>• Remote monitoring and detection difficult, often requiring secondary systems for communications</td>
<td>• Built-in remote communications deliver data 24/7 to anywhere in the world</td>
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<tr>
<td>• Lack of real-time feedback means lost profits due to inability to approach specification limits</td>
<td>• Analyses and data refreshed every 15 seconds or faster for high-precision control</td>
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<tr>
<td>• Lack of real-time feedback means lost profits due to inability to approach specification limits</td>
<td>• Maximization of profits</td>
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<td></td>
<td>• Real-time online Viper monitoring system allows user-friendly access to historical activity, current status and analytical insights into future process trends</td>
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<td></td>
<td>• Optimal efficiency</td>
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## JP3: Differentiated Data Solutions

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<tr>
<th>Cost Benefits Accruing to Customers</th>
<th>Factors Driving Rapid Industry Adoption</th>
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<tr>
<td>• Integrated Systems-based Approach</td>
<td>• Actionable Analytics Driving Increased Profitability</td>
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<td>• Remote Access – Reduces Monitoring Cost</td>
<td>• Regulatory Tailwinds from New Industry Standards</td>
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<tr>
<td>• Heightened Operational Efficiency</td>
<td>• Easily Adoptable Platform technology</td>
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### Formidable Barriers to Entry

- Buy-in from top tier industry players
- Industry-leading Data Library
- Intellectual Property and Trade Secret Protection
High Value Proposition for Clients Has Driven Adoption of JP3 Data Platform

- Strong customer base of over 60 clients across all segments of the market and including many of the market leaders in the midstream and downstream spaces
- Transitioning from traditional equipment sales to DaaS revenue model
JP3: Significant Market Opportunity

$1 Billion Annual Recurring Revenue
US Addressable Market

Global Market
Based on existing deployment of traditional equipment global, international markets present tremendous revenue opportunity.

Executing on Plan
• Flotek’s growth capital accelerates deployment of global sales force
• Upstream opportunity enables by real-time secure data at the edge, and visualization and analytics in the cloud
• JP3 Solutions can be readily deployed to any industry segment, we can easily adapt to where the market need is
• Flotek + JP3 can expand the hydrocarbon value chain back to the reservoir — optimizing the quantity and quality of injected chemicals at the wellhead to produce the highest value hydrocarbons from wellhead to the refinery and the product’s final destination

Source: JP3 Internal Data
JP3 Announces Joint Data Service Solution with Phillips 66 to Reduce Transmix Generation

Solution Yields ~50% reduction in transmix
Dramatic increase in annual profits per site

“By combining JP3’s revolutionary real-time analysis capabilities and data systems with Phillips 66 Pipeline’s midstream process knowledge, industry-wide transmix losses could be reduced by as much as 50%.”

- Press Release May 13, 2020

* "transmix" – the interface transportation mixture which occur when natural mixing happens between adjacent batches of different fuels being shipped in a common pipeline.
JP3: Double Digit Growth with Strong, Historical Margins

- **Revenue CAGR of 58%** over past four years with over sixty oil and gas customers, transitioning from traditional equipment sales to Data as a Service (DaaS) model.
Flotek + JP3: A Strong Future Together

Positioned for accelerated growth
• JP3 provides significant full-stream value creation with recurring revenue growth model
• Flotek has liquidity to support and accelerate that growth

Shared vision in data and technology advancing energy applications
• JP3’s data enables a new dimension to this vision by measuring the injected chemistry’s effectiveness
• Flotek’s innovative chemistries increase the ultimate recovery of reserves. And the reach and power of JP3’s data goes far beyond that

Complementary customer bases that will grow and enhance relationships
• JP3’s technology will enhance Flotek’s chemistry applications
• Flotek’s global reach provides significant international opportunity

Enables higher revenues and increased profitability for customers
• JP3’s automation of real-time analysis drives increased profitability for customers even in a weak oil market
• Flotek’s chemistry expertise and applications are complementary assets