



Investor Summary

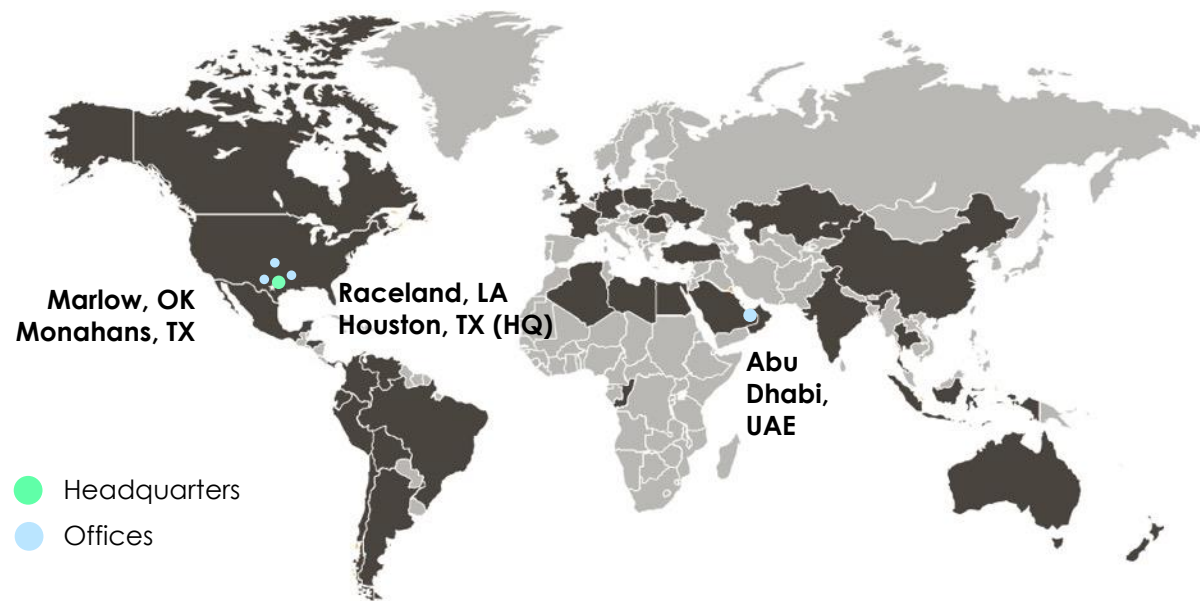
May 2023

// NYSE: FTK

Forward-Looking Statements

Certain statements set forth in this presentation constitute 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) regarding Flotek Industries, Inc.'s business, financial condition, results of operations and prospects. Words such as will, continue, expects, anticipates, intends, plans, believes, seeks, estimates and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this press release. Although forward-looking statements in this presentation reflect the good faith judgment of management, such statements can only be based on facts and factors currently known to management. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Further information about the risks and uncertainties that may impact the Company are set forth in the Company's most recent filing with the Securities and Exchange Commission on Form 10-K (including, without limitation, in the "Risk Factors" section thereof), and in the Company's other SEC filings and publicly available documents. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company undertakes no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this presentation.

Company Overview



FLOTEK INDUSTRIES (FTK)

Technology-driven chemistry and data analytics company

Founded: **1985**

Employees: **143**

Countries with Clients: **15+**

Corporate Headquarters: **Houston**

Chemical Technologies

Commercial and Industrial Chemistry Technologies

Sustainable chemistry solutions to maximize customers value chain while minimizing their environmental impact.

Data Analytics

Digital Technologies & Data Analytics

Transforming business through real-time data, monitoring and visualization across the energy value chain.

Strategic Priorities

Flawless Execution

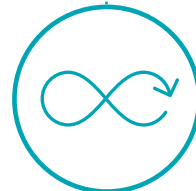
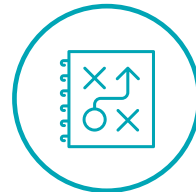
Exemplary safety and service delivery

Sustainable Revenue

10-year contract with guaranteed minimum of \$2B+

Focus on Profitability

Upper quartile performance of SG&A as a percentage of revenue



Capital-light Growth

No new capital required to support robust growth

Improving Balance Sheet

Low debt balance positions company to prosper through the cycle

Environmental Leadership

Focus on protecting people, land, air, and water

Key Investment Considerations

FTK is a simple 2023 investment story

- New leadership team
- Rapid revenue growth
- Transitioning to positive Adjusted EBITDA*
- Improving balance sheet
- Capital light business model
- Full cycle resilience

* Adjusted EBITDA is a non-GAAP measure. See the Appendix in this presentation for a reconciliation to the nearest GAAP measure.

Expect Full Year 2023 Revenue of \$210MM - \$230MM
and Adjusted Gross Profit* Margin of 8% - 10%

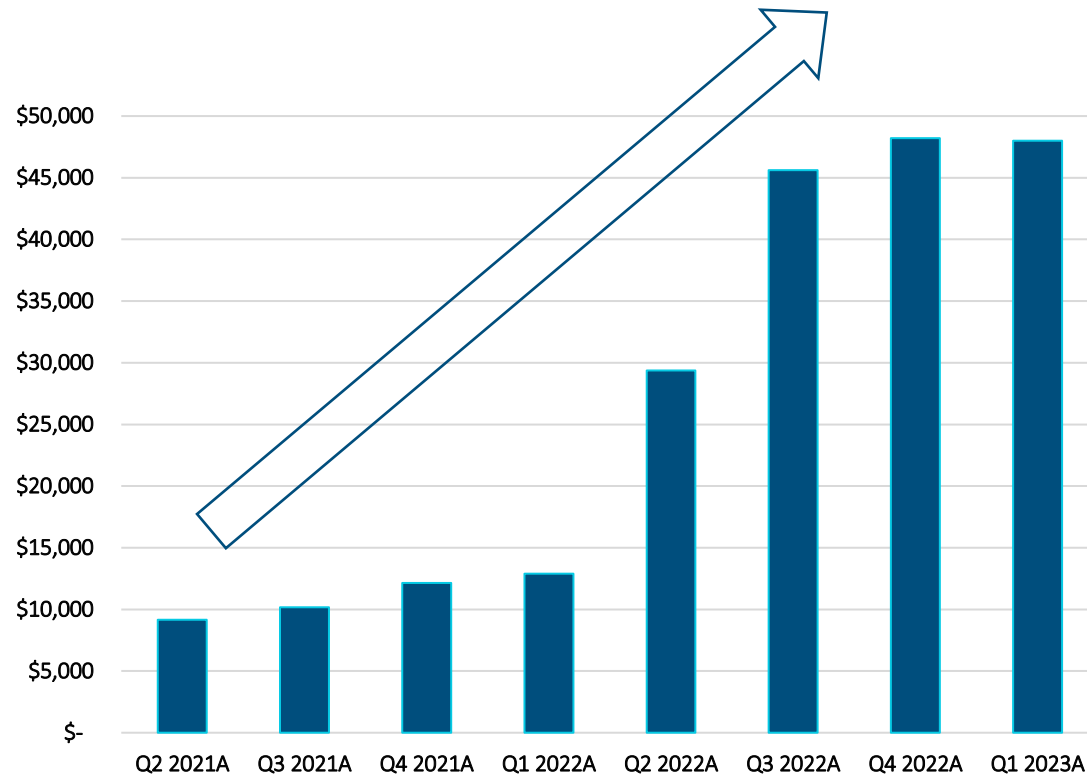
First Quarter 2023 Highlights

- Grew revenue 273% from Q1 2022
- Strong margin improvement results in positive gross profit in Q1 2023 that was 2X higher sequentially and 5x YoY
- Mid-point of guidance projects 62% annual revenue growth and nearly \$20 million of Adjusted Gross Profit*
- Adjusted EBITDA* loss improved by 24% sequentially and 29% YoY
- Increased average ProFrac fleet count to 19 from 17 in Q1 2023
- Achieved ~12% market share of active U.S. frac fleets
- Transitioning to positive Adjusted EBITDA*

Flotek Revenue: Strong Growth Continues into 2023

Managing for Rapid Growth

Quarterly Consolidated Revenue (000's)

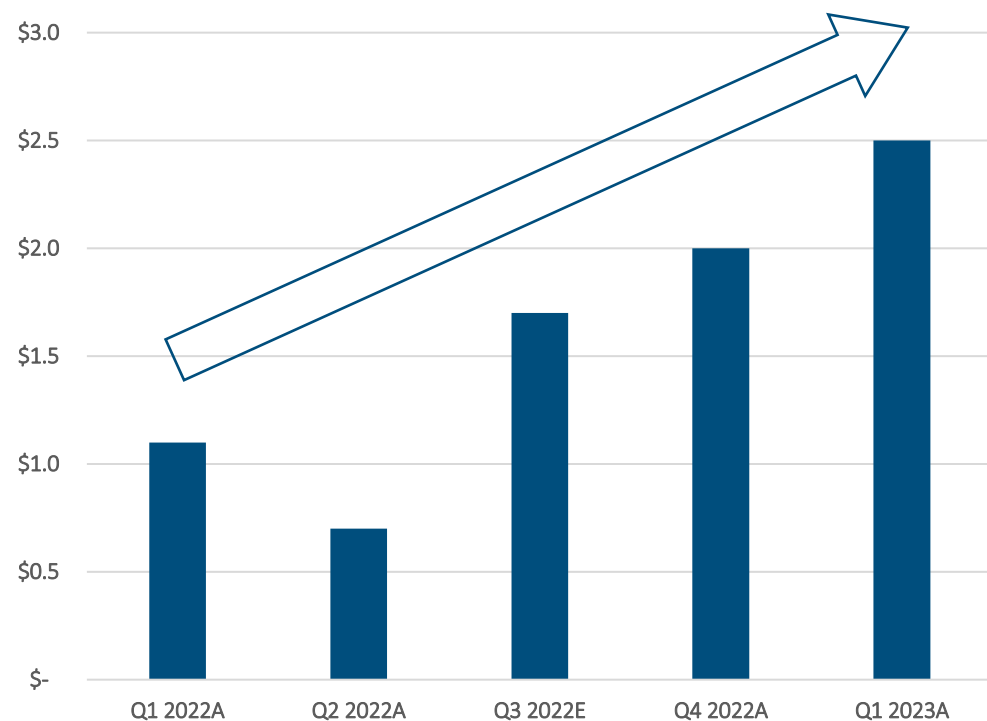


- Q1 2023 flat sequentially, up 2.7x YoY
 - Expect \$210MM to \$230MM for FY 2023 versus \$136MM in 2022
- Increased market share to 12% of active U.S. frac fleet from 2% in 2022 Q1
- Reached high water mark of 23 ProFrac fleets in March
- Zero lost time incidents in field operations
- Data analytics demand traction continues to take hold with Q1 2023 revenue up 135% YoY
 - Q1 2023 revenue was 45% of total FY 2022

Data Analytics: Rapid Improvement in the Business

Strong Growth in Revenue

Quarterly Consolidated Revenue (MM)

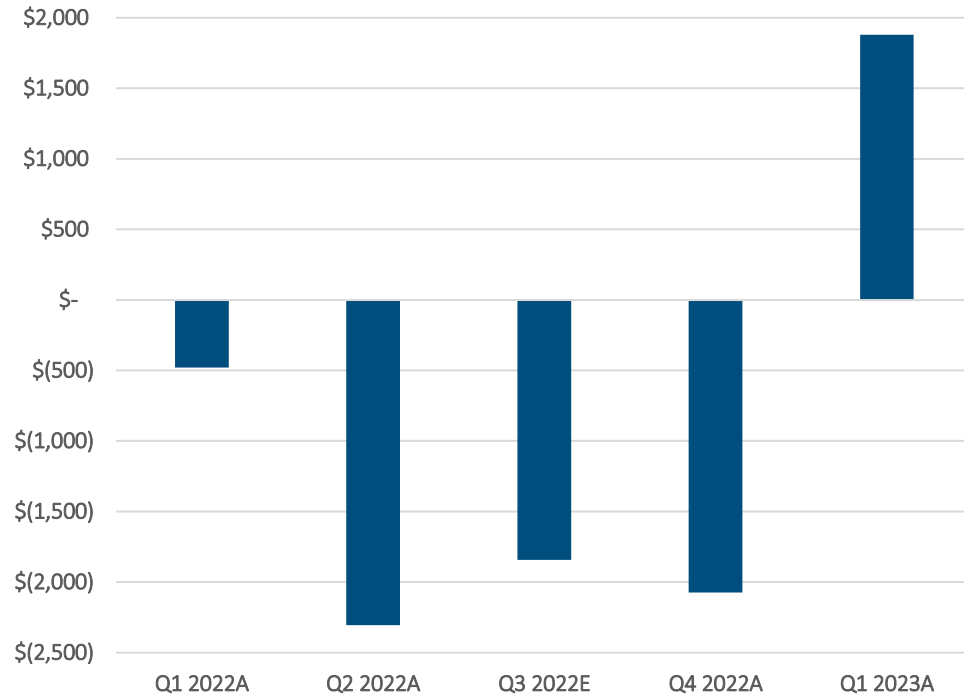


- Q1 2023 revenue up 24% sequentially and 135% YoY
 - Q1 2023 equated to 45% of full year 2022
 - Expect H1 2023 revenue will exceed full year 2022
- In Q1 2023 received first prototype of JP3 flow cell sensor for proprietary Verax analyzer
 - Results in step change in manufacturing and operational costs moving forward
- Provides potential entrance into new vertical markets
 - Natural gas infrastructure transmission monitoring
 - Chain of custody verification

Cost Control: Targeted Efforts are Paying Off in 2023

Quickly Enhancing Margins

Quarterly Consolidated Gross Profit (Loss)
(000's)



- January 1, 2023 modification of supply agreement enhances gross profit
- Q1 2023 saw 4% improvement in COGS-Materials resulting in \$3MM of savings
- Q1 2023 freight expense down more than 16% sequentially
- Saw reduction in total company overtime of more than 25% sequentially on similar level of activity

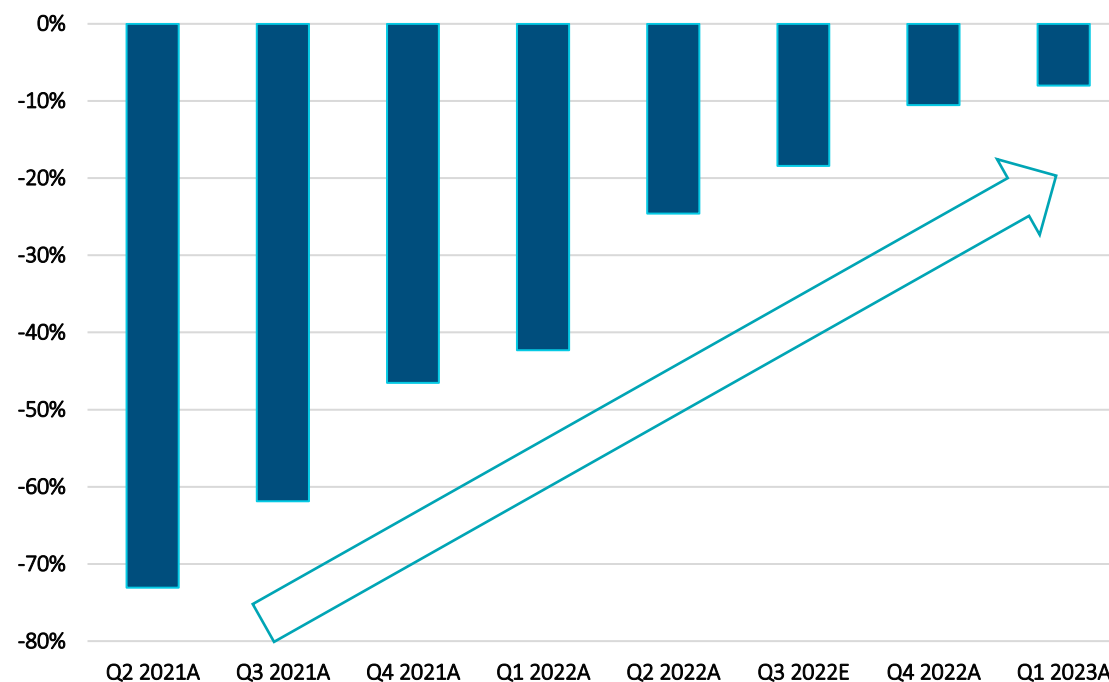
Definitive Path to Positive Adjusted EBITDA

Revenue Growth + Expense Management = Positive Adjusted EBITDA*

Consistently improving Adjusted EBITDA over past 7 quarters provides evidence of progress toward positive margins

- Revenue optimization
- Increased delivery of customized chemistry and data solutions
- EBITDA enhancement
 - Above Gross Margin
 - Achieved Adjusted Gross Profit of \$2.6MM in Q1 2023
 - Increasing impact from economies of scale
 - Significant overtime efficiency achieved
 - Trucking and route enhancement in place
 - Realigned freight costs to drive efficiency
 - Below Gross Margin
 - Executed SG&A cost reductions; expect \$5 million in annual compensation savings
 - Stronger oversight of professional fees resulting in \$3 million savings
 - JP3 re-engineering savings
 - Right sizing of corporate HQ footprint
 - Reduced R&D by 57% YoY

Quarterly Adjusted EBITDA*/Revenue



* Adjusted EBITDA is a non-GAAP metric. See the Appendix in this presentation for a reconciliation to nearest GAAP measure

Improving Balance Sheet

Balance sheet and liquidity to weather the full cycle

Recent Developments

- Continuing to evaluate asset-based borrowing options
 - Recently received four non-binding proposals; evaluating terms and conditions
- January 2023 – Received confirmation of forgiveness of \$4.4MM of Flotek's \$4.8MM PPP loan

ProFrac Equity Investment

- ProFrac invested \$19.5MM in Flotek pre-funded warrants
- Purchase of pre-funded warrants completed at a 20% premium to 30-day VWAP

Real Estate Asset Optimization

- Monahans, TX: Sold facility for \$1.5MM in December, 2022
- Waller, TX: Sold facility for \$4.3MM in April, 2022

Capital Light Growth

Low Asset Utilization Rate Means Minimal Capex Required For Growth



Marlow Liquid Blending Facility

- Capacity ~ 60MM gallons/year
- 35 bulk storage tanks: 755k gallons
- Heated bulk storage: 195k gallons
- Ambient bulk storage: 560k gallons





Appendix

Recent Financials

Unaudited Condensed Consolidated Statement of Operations

(in thousands, except share data)

	Three Months Ended		
	3/31/2023	3/31/2022	12/31/2022
Revenue:			
Revenue from external customers	\$ 11,652	\$ 10,382	\$ 15,940
Revenue from related party	36,355	2,497	32,277
Total revenues	48,007	12,879	48,217
Cost of goods sold	46,127	13,358	50,291
Gross profit (loss)	1,880	(479)	(2,074)
Operating costs and expenses:			
Selling, general, and administrative	6,451	4,886	5,779
Depreciation	176	195	180
Research and development	614	1,415	922
Severance costs	2,223	(7)	—
(Gain) loss on sale of property and equipment	—	8	(1,000)
Gain on lease termination	—	(584)	—
(Gain) loss in fair value of Contract Consideration Convertible Notes Payable	(26,095)	3,892	8,941
Total operating costs and expenses	(16,631)	9,805	14,822
Income (loss) from operations	18,511	(10,284)	(16,896)
Other income (expense):			
Paycheck protection plan loan forgiveness	4,522	—	—
Interest expense	(1,672)	(668)	(2,465)
Other income (expense), net	(9)	224	212
Total other income (expense), net	2,841	(444)	(2,253)
Income (loss) before income taxes	21,352	(10,728)	(19,149)
Income tax (expense) benefit	(9)	4	123
Net income (loss)	\$ 21,343	\$ (10,724)	\$ (19,026)
Income (loss) per common share:			
Basic	\$ 0.22	\$ (0.15)	\$ (0.25)
Diluted	\$ (0.02)	\$ (0.15)	\$ (0.25)
Weighted average common shares:			
Weighted average common shares used in computing basic income (loss) per common share	98,808	73,858	75,405
Weighted average common shares used in computing diluted loss per common share	158,441	73,858	75,405



Unaudited Condensed Consolidated Balance Sheets

(in thousands, except share data)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,433	\$ 12,290
Restricted cash	101	100
Accounts receivable, net of allowance for credit losses of \$845 and \$823 at March 31, 2023 and December 31, 2022, respectively	15,609	19,136
Accounts receivable, related party	26,230	22,683
Inventories, net	15,904	15,720
Other current assets	4,516	4,045
Current contract asset	7,066	7,113
Total current assets	<u>81,859</u>	<u>81,087</u>
Long-term contract assets	71,372	72,576
Property and equipment, net	4,807	4,826
Operating lease right-of-use assets	4,923	5,900
Deferred tax assets, net	410	404
Other long-term assets	17	17
TOTAL ASSETS	<u>\$ 163,388</u>	<u>\$ 164,810</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 41,929	\$ 33,375
Accrued liabilities	9,870	8,984
Income taxes payable	11	97
Interest payable	—	130
Current portion of operating lease liabilities	3,050	3,328
Current portion of finance lease liabilities	36	36
Current portion of long-term debt	179	2,052
Convertible notes payable	—	19,799
Contract Consideration Convertible Notes Payable	43,800	83,570
Total current liabilities	<u>98,875</u>	<u>151,371</u>
Deferred revenue, long-term	35	44
Long-term operating lease liabilities	7,133	8,044
Long-term finance lease liabilities	13	19
Long-term debt	194	2,736
TOTAL LIABILITIES	<u>108,250</u>	<u>162,214</u>
Stockholders' equity:		
Common stock, \$0.0001 par value, 240,000,000 shares authorized; 94,613,664 shares issued and 88,170,936 shares outstanding at March 31, 2023 ; 83,915,918 shares issued and 77,788,391 shares outstanding at December 31, 2022	9	8
Additional paid-in capital	421,596	388,177
Accumulated other comprehensive income	160	181
Accumulated deficit	(330,176)	(351,519)
Treasury stock, at cost; 6,442,728 and 6,127,527 shares at March 31, 2023 and December 31, 2022 , respectively	(34,451)	(34,251)
Total stockholders' equity	<u>57,138</u>	<u>2,596</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 163,388</u>	<u>\$ 164,810</u>

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

	Three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 21,343	\$ (10,724)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Change in fair value of contingent consideration	(359)	94
Change in fair value of Contract Consideration Convertible Notes Payable	(26,095)	3,892
Amortization of convertible note issuance costs	83	166
Payment-in-kind interest expense	1,571	485
Amortization of contract assets	1,251	—
Depreciation and amortization	176	195
Provision for credit losses, net of recoveries	23	238
Provision for excess and obsolete inventory	258	310
Gain on sale of property and equipment	—	8
Gain on lease termination	—	(584)
Non-cash lease expense	977	56
Stock compensation expense	(1,112)	739
Deferred income tax (benefit) expense	(6)	(4)
Paycheck protection plan loan forgiveness	(4,522)	—
Changes in current assets and liabilities:		
Accounts receivable	3,504	(194)
Accounts receivable, related party	(3,548)	14
Inventories	(441)	(999)
Income taxes receivable	—	(10)
Other assets	(470)	(220)
Accounts payable	8,554	616
Accrued liabilities	1,236	(2,350)
Operating lease liabilities	(1,190)	(214)
Income taxes payable	(87)	—
Interest payable	(8)	12
Net cash provided by (used in) operating activities	<u>1,140</u>	<u>(8,474)</u>
Cash flows from investing activities:		
Capital expenditures	(157)	—
Proceeds from sale of assets	—	24
Net cash (used in) provided by investing activities	<u>(157)</u>	<u>24</u>
Cash flows from financing activities:		
Payment for forfeited stock options	(617)	—
Payments on long term debt	(15)	—
Proceeds from issuance of convertible notes	—	21,150
Payment of issuance costs of convertible notes	—	(1,084)
Payments to tax authorities for shares withheld from employees	(200)	(59)
Proceeds from issuance of stock	20	—
Payments for finance leases	(6)	(14)
Net cash (used in) provided by financing activities	<u>(818)</u>	<u>19,993</u>
Effect of changes in exchange rates on cash and cash equivalents	(21)	8
Net change in cash and cash equivalents and restricted cash	<u>144</u>	<u>11,551</u>
Cash and cash equivalents at the beginning of period	12,290	11,534
Restricted cash at the beginning of period	100	1,790
Cash and cash equivalents and restricted cash at beginning of period	<u>12,390</u>	<u>13,324</u>
Cash and cash equivalents at end of period	12,433	24,835
Restricted cash at the end of period	101	40
Cash and cash equivalents and restricted cash at end of period	<u>\$ 12,534</u>	<u>\$ 24,875</u>

Unaudited Reconciliation of Non-GAAP Items and Non-Cash Items Impacting Earnings (in thousands)

	Three Months Ended		
	3/31/2023	3/31/2022	12/31/2022
Gross profit (loss)	\$ 1,880	\$ (479)	\$ (2,074)
Stock compensation expense	(139)	156	85
Severance and retirement	15	3	—
Contingent liability revaluation	(359)	94	81
Amortization of contract assets	1,250	—	1,386
Adjusted Gross profit (loss) (Non-GAAP)	<u>\$ 2,647</u>	<u>\$ (226)</u>	<u>\$ (522)</u>
Net income (loss)	\$ 21,343	\$ (10,724)	\$ (19,026)
Interest expense	1,672	668	2,465
Income tax expense (benefit)	9	(4)	(123)
Depreciation and amortization	176	195	180
EBITDA (Non-GAAP)	<u>\$ 23,200</u>	<u>\$ (9,865)</u>	<u>\$ (16,504)</u>
Stock compensation expense	(1,112)	739	1,062
Severance and retirement	2,238	(4)	—
Contingent liability revaluation	(359)	94	81
(Gain) loss on disposal of assets	—	8	(1,000)
Gain on lease termination	—	(584)	—
Contract Consideration Convertible Notes Payable revaluation adjustment	(26,095)	3,892	8,941
Amortization of contract assets	1,250	—	1,386
PPP loan forgiveness	(4,522)	—	—
Non-Recurring professional fees	1,549	274	955
Adjusted EBITDA (Non-GAAP)	<u>\$ (3,851)</u>	<u>\$ (5,446)</u>	<u>\$ (5,079)</u>

(1) Management believes that adjusted gross profit and adjusted EBITDA for the three months ended March 31, 2023 and 2022, and the three months ended December 31, 2022, is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods. Management views the expenses noted above to be outside of the Company's normal operating results. Management analyses operating results without the impact of the above items as an indicator of performance, to identify underlying trends in the business and cash flow from continuing operations, and to establish operational goals.



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