



FLOTEK

Corporate Update
March 2024

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 presentation. 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.

Compelling Investment Opportunity

RETURN TO PROFITABILITY UNDERSCORES TURNAROUND EXECUTION

Market leading Oil & Gas prescriptive chemistry solutions

- Sustained growth in US and international O&G completion chemistry
- Industry leading technology improving BOE uplift by +26%
- Long-term contracted chemistry volumes mitigates impact of industry volatility

Market disrupting real-time measurement technology

- Data analytics segment expected to grow associated revenues over 50% in 2024
- Release of next generation analyzer provides scale and new market opportunities

Leadership team with deep industry expertise to execute rapid growth strategy

Company Overview



Founded:	1985
Employees:	143
Corporate Headquarters:	Houston
Countries with Clients:	59
Patents:	>170
Debt (12.31.23) (\$mm):	\$7.5
FY 2023 Gross Profit Margin:	13%

FTK
LISTED
NYSE

A Purpose-Driven Company



Who We Are

An advanced technology-driven, green chemical and data analytics company providing unique and innovative completion solutions



Our Vision

We strive to be the collaborative partner of choice for solutions that reduce the environmental impact of energy on air, water, land and people



Value Proposition

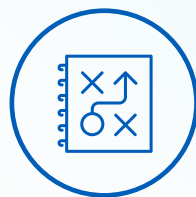
We collaborate and deliver sustainable, optimized chemistry and data solutions that maximize our customers' value

Our completion solutions have a positive impact on sustainability and reducing the overall environmental impact of energy on air, land, water and people

Our Strategic Priorities

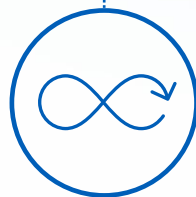
Industry-Leading Innovation

Track record of delivering fit-for-purpose optimized chemistry and data solutions



Sustainable Revenue Growth

10-year contracted chemistry volumes with significant market expansion opportunities



Enhanced Profitability

Generated a \$27.7 million improvement in Adjusted EBITDA** year over year



Expand Global Footprint

Sustainable growth in international chemistry revenues and data analytics



Strong Balance Sheet

Minimal debt and strengthened liquidity with ABL* facility



Environmental Leadership

Focus on reducing impact of energy on air, land, water, and people

* Asset Based Loan

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

2023 Highlights: Improvement in Performance

TRANSFORMATIVE YEAR WITH SIGNIFICANT GROWTH IN ALL PROFITABILITY METRICS

- Delivered year-over-year growth:
 - Revenue: **↑** \$52.0 million
 - Gross profit: **↑** \$31.0 million
 - Adj. EBITDA*: **↑** \$27.7 million
- Full year adj. EBITDA* was positive for the first time since 2017
- Revenues associated with external customers grew each quarter
- Data analytics revenues grew 47% compared to 2022
- Strengthened liquidity through an up to \$13.8 million ABL**
- Material weakness and going concern issues identified in connection with the 2022 audit have been resolved

Poised to deliver sustained growth and further market share gains through chemistry and emerging data analytics upstream market

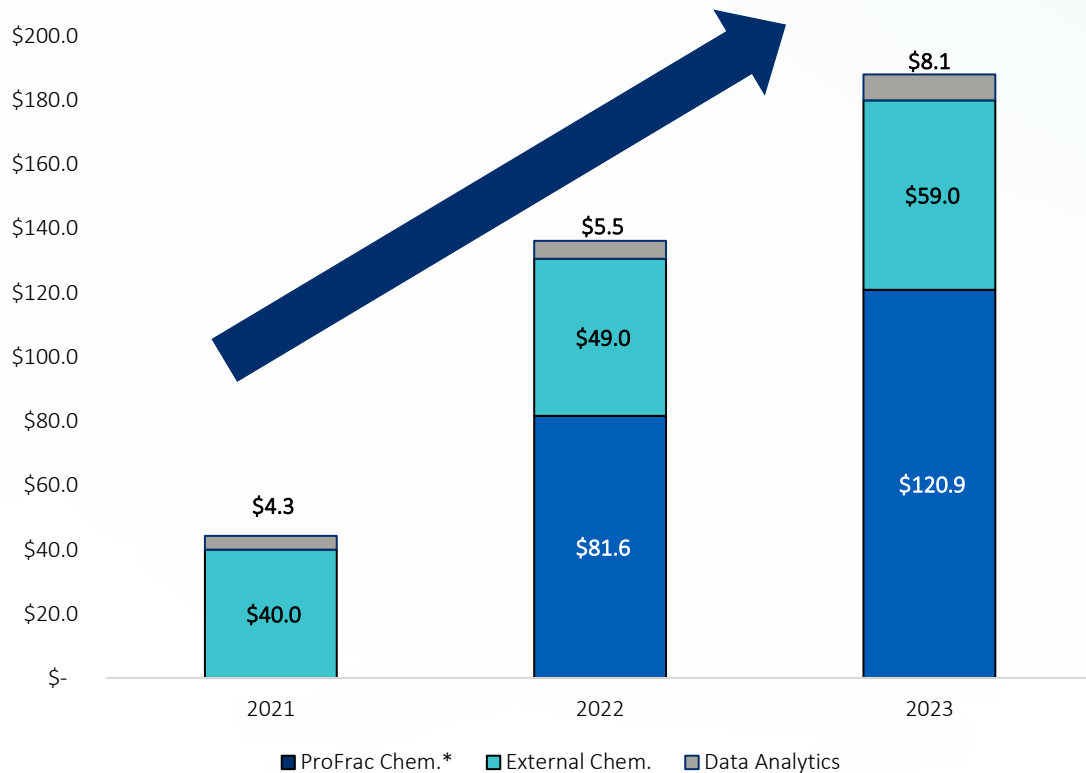
• Adjusted EBITDA is a non-GAAP measure. See the Appendix in this presentation for a reconciliation to the nearest GAAP measure.

** Asset Based Loan

Strong Revenue Performance

TRANSFORMATIVE YEAR WITH SIGNIFICANT GROWTH IN ALL PROFITABILITY METRICS

Annual Segmented Revenue (\$MM)



External Chemistry Revenue (\$MM)

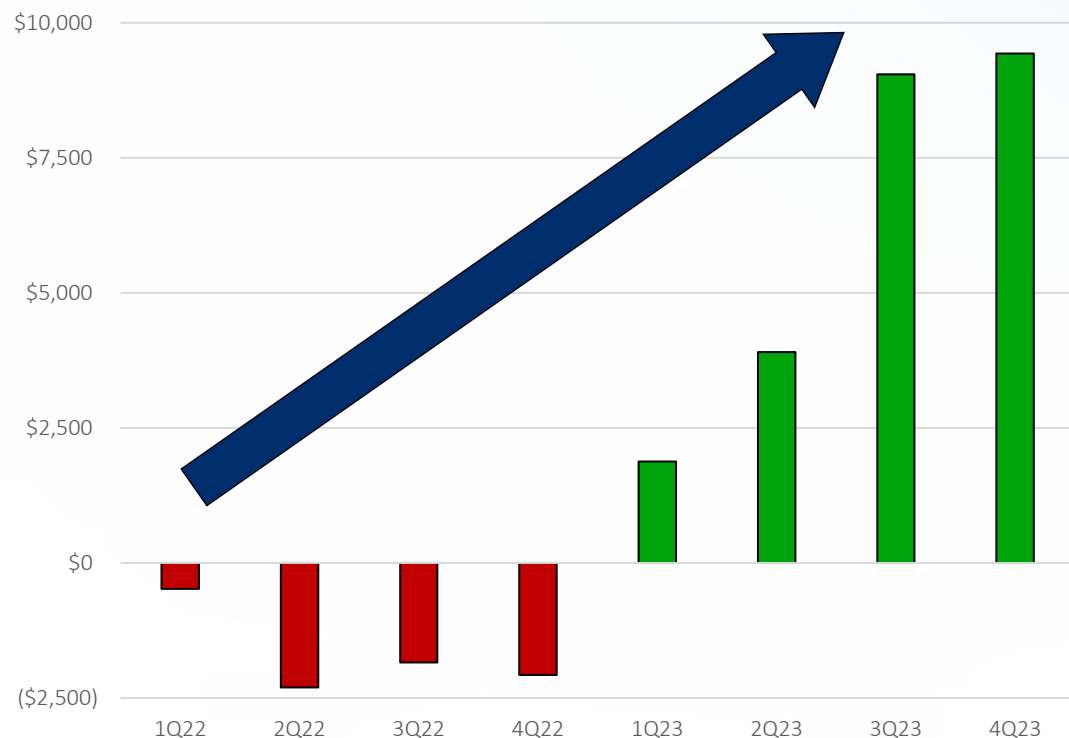


* ProFrac Chem. reflects 'Chemistry Only' revenues

Delivering Rapid Improvement in Gross Profit

TRANSFORMATIVE YEAR WITH SIGNIFICANT GROWTH IN ALL PROFITABILITY METRICS

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

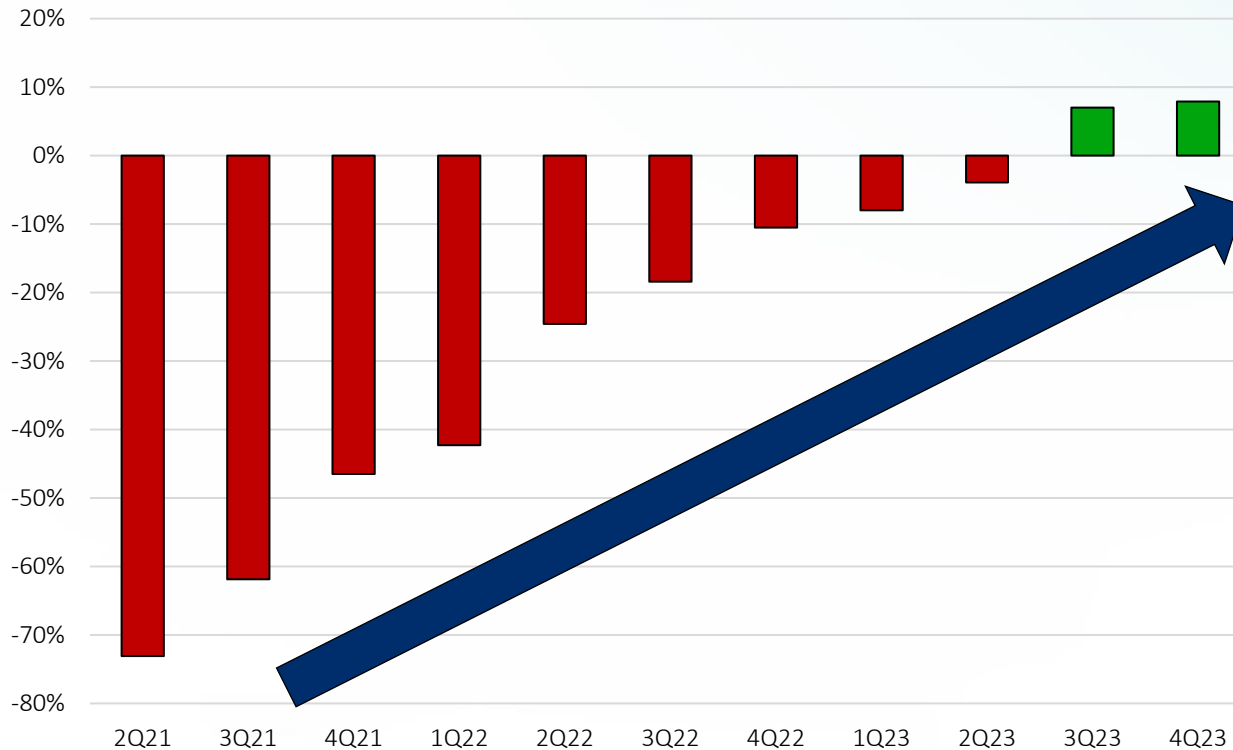


- 4Q 2023 gross profit was positive for the fourth consecutive quarter
- Delivered a \$31.0 million increase in 2023 gross profit compared to 2022
- Long- term contracted chemistry volumes protects against lower frac fleet activity
- Delivered efficiencies across all aspects of business supply chain

Strong Financial Momentum Continues

TRANSFORMATIVE YEAR WITH SIGNIFICANT GROWTH IN ALL PROFITABILITY METRICS

Quarterly Adjusted EBITDA*/Revenue

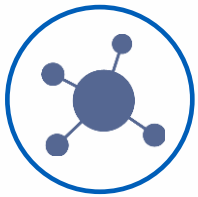


- 2023 adj. EBITDA* increased \$27.7 million over 2022
- 4Q 2023 was the tenth consecutive quarter of improvement
- 2023 was the first full year of positive adj. EBITDA since 2017

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

Complementary Segments Drive Growth

CHEMISTRY AS A COMMON VALUE CREATION PLATFORM



Chemistry Technologies

Sustainable chemistry solutions to maximize customer's value chain while minimizing their environmental impact



Data Analytics

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

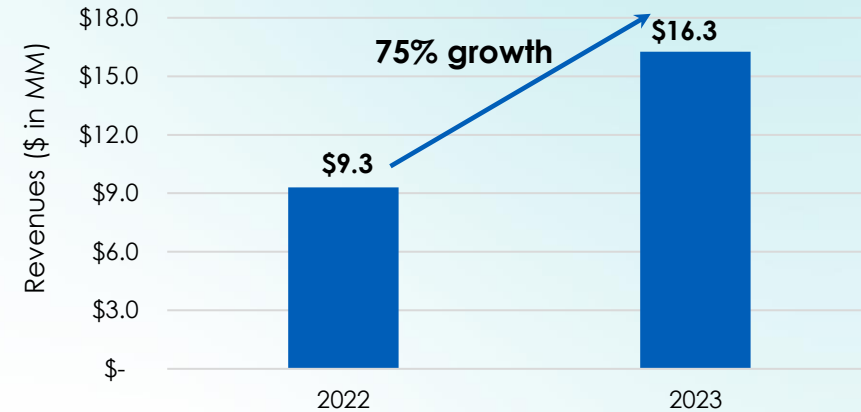
- Global presence in 59 countries
- Establishing collaborative partnerships with E&P operators and oil field service providers
- Extensive experience with proven solutions in over 20,000 completed wells worldwide
- Fit-for-purpose optimized chemistry and data solutions allow customers to maximize the value of their business
- High margin data analytics segment driving revenue growth and increased profitability
- Increasing market share across both segments

Chemistry Technologies: Competitive Advantage

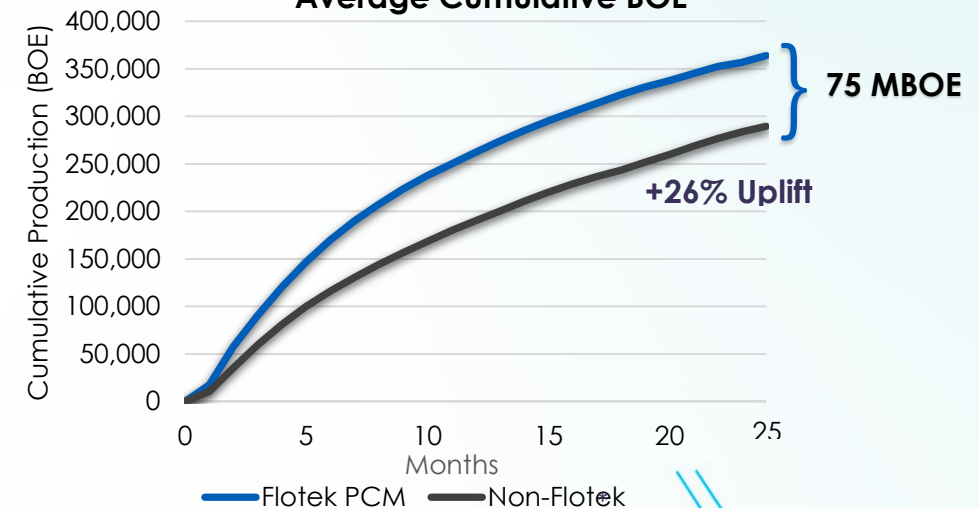
DELIVERING THE BEST UPLIFT PERFORMANCE IN INDUSTRY

- Prescriptive Chemistry Management (PCM)[™]
 - **Proprietary** energy chemistry solutions
 - **Dedicated** chemistry management team
 - **Customized** solutions to each well's geology
- **AI** enabled and digital twinning analytics of over 20,000 wells
- **CnF[™]** is our proprietary reservoir technology utilized by PCM services
- Leveraging over **170 active patents** to design the best chemistry for each well
- Strong well performance with **75,000 BOE uplift** versus competition

CnF[™] Revenue Performance



Permian Basin
Average Cumulative BOE



* Data derived from 2019-2023 Enverus Prism Platform (1,878 wells)

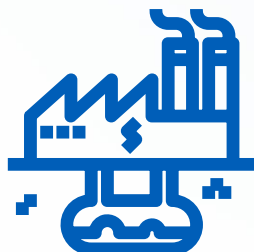
** Similar Results from all basins, example is highlighting the most productive basin in the U.S. (Permian)

Chemistry Technologies: New Markets

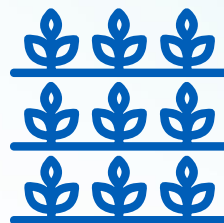
DIVERSIFIES CUSTOMER BASE AND PROVIDES FUTURE GROWTH OPPORTUNITIES



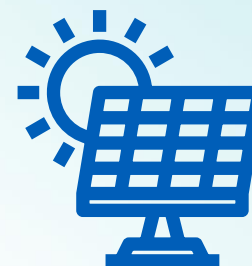
Industrial



Geothermal



Agricultural



Solar



Hydrogen

**As smart systems develop, so will the demand
for green chemistry solutions**

Positioned to capitalize on proprietary patents, technology advancements and collaborative partnerships with customers

Data Analytics: “Measure More” Strategy

DIVERSIFYING REAL-TIME DATA MONITORING ACROSS CHEMISTRY LANDSCAPE

Introduction of the new generation JP3 Analyzer

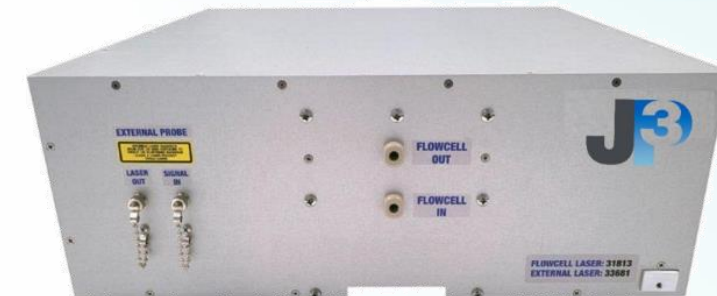
- Unlocks an estimated \$700 million oil & gas upstream TAM*
- 12x improvement in manufacturing/delivery time
- Provides a 60% Data as a Service sales opportunity



Pictured above: The proprietary Gen3 prototype spectrometer installed on an Eagleford wellsite

Expansion of product portfolio

- Flare gas, H₂, N₂, CO₂, H₂S, Diesel and Jet Fuel hotspots
- Raman analyzer unlocks the downstream, carbon capture markets that require hydrogen (H₂)
- New Two-channel Verax upgrades revenue opportunity on single point measurement and allows for validation



JP3 Raman Spectrometer

* Total Addressable Market

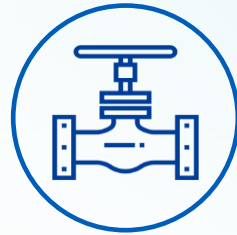
Data Analytics: Industry Applications

UTILIZING TECHNOLOGIES FOR EXPANSION INTO NEW MARKETS



Upstream

- Realtime product measurement improves accuracy of payments to royalty owners and operators
- Continuous BTU monitoring to facilitate field gas utilization in powering rigs and frac fleets
- Flare monitoring and methane detection



Midstream

- Gas processing plant control and optimization
- Pipeline batch detection to optimize pipeline transmix processes
- Vapor pressure controls to achieve product specifications
- Emerging market in carbon capture



Downstream

- Realtime measurement to optimize distillation tower efficiency
- Crude feedstock blending
- Chemical property and quality measurement in pipelines and terminals
- Refined product specification measurement to optimize mix of products

Complimentary Segments: Outlook

THE NEXT PHASE OF TRANSFORMATION



Chemistry

- Prescriptive chemistry management (PCM)TM and unique patented products unlocks maximum production uplift
- Pursuing strategic opportunities within production and pipeline chemistry markets leveraging real-time measurement analytics
- Contracted long-term volume agreements establish economy of scale and market pricing power

Data Analytics

- New JP3 analyzer will open a \$700 million O&G upstream TAM*
- “Measure More” strategy to improve product offering and market application of our units
- Further integration of data analytics and chemistry segments will provide an autonomous solution to customers



* Total Addressable Market

Summary: Compelling Investment Opportunity

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Leadership team with deep industry expertise to execute rapid growth strategy



Appendix

Recent Financials

Unaudited Condensed Consolidated Statement of Operations

(in thousands, except share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue:				
Revenue from external customers	\$ 19,240	\$ 15,940	\$ 66,518	\$ 54,344
Revenue from related party	22,949	32,277	121,540	81,748
Total revenues	42,189	48,217	188,058	136,092
Cost of goods sold	32,758	50,291	163,795	142,792
Gross profit (loss)	9,431	(2,074)	24,263	(6,700)
Operating costs and expenses:				
Selling, general, and administrative	6,570	6,166	27,873	27,124
Depreciation	204	180	734	734
Research and development	255	922	2,486	4,438
Severance costs	(19)	(387)	(46)	—
Gain on sale of property and equipment	—	(1,000)	(38)	(2,916)
Gain on lease termination	—	—	—	(584)
(Gain) loss in fair value of Contract Consideration Convertible Notes Payable	—	8,941	(29,969)	(75)
Total operating costs and expenses	7,010	14,822	1,040	28,721
Income (loss) from operations	2,421	(16,896)	23,223	(35,421)
Other income (expense):				
Paycheck protection plan loan forgiveness	—	—	4,522	—
Interest expense	(320)	(2,465)	(2,857)	(7,051)
Other expense, net	56	212	(26)	145
Total other income (expense), net	(264)	(2,253)	1,639	(6,906)
Income (loss) before income taxes	2,157	(19,149)	24,862	(42,327)
Income tax (expense) benefit	(51)	123	(149)	22
Net income (loss)	\$ 2,106	\$ (19,026)	\$ 24,713	\$ (42,305)
Income (loss) per common share:				
Basic	\$ 0.07	\$ (1.51)	\$ 1.00	\$ (3.41)
Diluted	\$ 0.07	\$ (1.51)	\$ (0.10)	\$ (3.41)
Weighted average common shares:				
Weighted average common shares used in computing basic income (loss) per common share	29,396	12,567	24,830	12,404
Weighted average common shares used in computing diluted income (loss) per common share	30,496	12,567	28,377	12,404

Unaudited Condensed Consolidated Balance Sheets

(in thousands, except share data)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,851	\$ 12,290
Restricted cash	102	100
Accounts receivable, net of allowance for credit losses of \$745 and \$623 at December 31, 2023 and December 31, 2022, respectively	13,687	19,136
Accounts receivable, related party, net of allowance for credit losses of \$0 at December 31, 2023 and December 31, 2022, respectively	34,569	22,683
Inventories, net	12,838	15,720
Other current assets	3,564	3,032
Current contract asset	5,836	7,113
Total current assets	76,447	80,074
Long-term contract assets	68,820	72,576
Property and equipment, net	5,129	4,826
Operating lease right-of-use assets	5,030	5,900
Deferred tax assets, net	300	404
Other long-term assets	1,787	1,030
TOTAL ASSETS	\$ 157,513	\$ 164,810
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 31,705	\$ 33,375
Accrued liabilities	5,890	8,984
Income taxes payable	45	97
Interest payable	—	130
Current portion of operating lease liabilities	2,449	3,328
Current portion of finance lease liabilities	22	36
Asset-based loan	7,492	—
Current portion of long-term debt	179	2,052
Convertible notes payable	—	19,799
Contract Consideration Convertible Notes Payable	—	83,570
Total current liabilities	47,782	151,371
Deferred revenue, long-term	35	44
Long-term operating lease liabilities	7,676	8,044
Long-term finance lease liabilities	—	19
Long-term debt	60	2,736
TOTAL LIABILITIES	55,553	162,214
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.0001 par value, 240,000,000 shares authorized; 30,772,837 shares issued and 29,664,130 shares outstanding at December 31, 2023; 13,985,986 shares issued and 12,964,732 shares outstanding at December 31, 2022	3	1
Additional paid-in capital	463,140	388,184
Accumulated other comprehensive income	127	181
Accumulated deficit	(326,806)	(351,519)
Treasury stock, at cost; 1,108,707 and 1,021,255 shares at December 31, 2023 and December 31, 2022, respectively	(34,504)	(34,251)
Total stockholders' equity	101,960	2,596
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 157,513	\$ 164,810

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

	Twelve Months Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 24,713	\$ (42,305)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Change in fair value of contingent consideration	(527)	(25)
Change in fair value of Contract Consideration Convertible Notes Payable	(29,969)	(75)
Amortization of convertible note issuance costs	83	1,002
Payment-in-kind interest expense	2,284	5,956
Amortization of contract assets	5,033	3,371
Depreciation and amortization	734	734
Amortization of asset-based loan origination costs	121	—
Provision for credit losses, net of recoveries	138	203
Provision for excess and obsolete inventory	959	1,734
Gain on sale of property and equipment	(38)	(2,916)
Gain on lease termination	—	(584)
Non-cash lease expense	3,014	226
Stock compensation expense	(254)	3,325
Deferred income tax (benefit) expense	105	(125)
Paycheck protection plan loan forgiveness	(4,522)	—
Changes in current assets and liabilities:		
Accounts receivable	5,311	(7,342)
Accounts receivable, related party	(11,888)	(21,383)
Inventories	1,938	(7,917)
Income taxes receivable	—	14
Other assets	(837)	(285)
Contract assets, net	—	(3,600)
Accounts payable	(1,670)	25,780
Accrued liabilities	(2,575)	(34)
Operating lease liabilities	(3,391)	(507)
Income taxes payable	(53)	93
Interest payable	(8)	48
Net cash used in operating activities	(11,297)	(44,632)
Cash flows from investing activities:		
Capital expenditures	(1,081)	(421)
Proceeds from sale of assets	67	5,752
Net cash (used in) provided by investing activities	(1,014)	5,331
Cash flows from financing activities:		
Payment for forfeited stock options	(617)	—
Payments on long term debt	(149)	—
Proceeds from asset-based loan	88,716	—
Payments on asset-based loan	(81,224)	—
Payment for origination costs of asset-based loan	(574)	—
Proceeds from issuance of convertible notes	—	21,150
Payment of issuance costs of convertible notes	—	(1,084)
Proceeds from issuance of warrants	—	19,500
Payment of issuance costs of stock warrants	—	(1,170)
Payments to tax authorities for shares withheld from employees	(268)	(224)
Proceeds from issuance of stock	77	133
Payments for finance leases	(33)	(38)
Net cash provided by financing activities	5,928	38,267
Effect of changes in exchange rates on cash and cash equivalents	(54)	100
Net change in cash and cash equivalents and restricted cash	(6,437)	(934)
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	12,390	13,324
Cash and cash equivalents at end of period	5,851	12,290
Restricted cash at the end of period	102	100
Cash and cash equivalents and restricted cash at end of period	\$ 5,953	\$ 12,390

Unaudited Reconciliation of Non-GAAP Items and Non-Cash Items Impacting Earnings

(in thousands)⁽¹⁾

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Gross profit (loss)	\$ 9,430	\$ (2,074)	\$ 24,263	\$ (6,700)
Stock compensation expense	3	85	(132)	459
Severance and retirement	3	—	29	3
Contingent liability revaluation	(143)	81	(527)	(53)
Sanitizer inventory write down	—	—	—	1,036
Amortization of contract assets	1,368	1,386	5,033	3,371
Adjusted Gross profit (loss)⁽¹⁾	\$ 10,661	\$ (522)	\$ 28,666	\$ (1,884)
Net income (loss)	\$ 2,106	\$ (19,026)	\$ 24,713	\$ (42,305)
Interest expense	320	2,465	2,857	7,051
Income tax expense	51	(123)	149	(22)
Depreciation and amortization	204	180	734	734
EBITDA (Non-GAAP)⁽¹⁾	\$ 2,681	\$ (16,504)	\$ 28,453	\$ (34,542)
Stock compensation expense	307	1,062	(268)	3,325
Severance and retirement	10	—	(17)	387
Contingent liability revaluation	(143)	81	(527)	(25)
Sanitizer inventory write down	—	—	—	1,036
Gain on disposal of assets	—	(1,000)	(38)	(2,916)
Gain on lease termination	—	—	—	(584)
PPP loan forgiveness	—	—	(4,522)	—
Contract Consideration Convertible Notes Payable revaluation adjustment	—	8,941	(29,969)	(75)
Amortization of contract assets	1,368	1,386	5,033	3,371
Non-Recurring professional fees	(269)	955	3,343	3,854
Adjusted EBITDA (Non-GAAP)⁽¹⁾	\$ 3,954	\$ (5,079)	\$ 1,488	\$ (26,169)

(1) Management believes that adjusted gross profit, EBITDA, and adjusted EBITDA for the three and twelve months ended December 31, 2023 and 2022, are useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods. Management views the income and 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 financial and operational goals, excluding certain non-cash or non-recurring items.

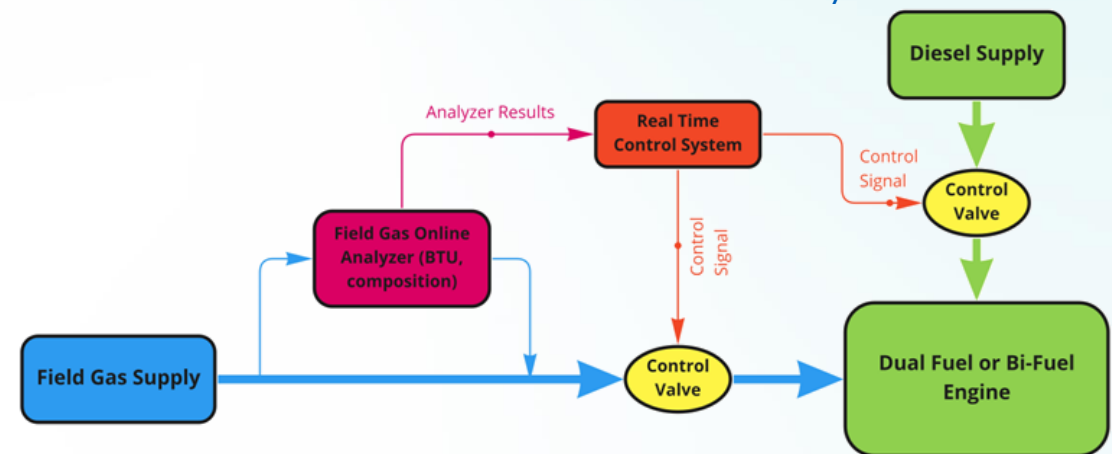
Data Analytics: Upstream Field Gas Usage

Delivered **70% Reduction** in Diesel and CNG usage

- JP3 field gas monitoring system allows frac fleets and drilling rigs to safely run on field gas displacing more expensive and higher carbon footprint diesel
- Provides meaningful cost savings compared to gas chromatograph
- A three-pad customer case study July - August 2023:
 - Achieved **70% field gas substitution rate**
 - Eliminated **1.2 mm gallons** of diesel usage
 - Realized **100% uptime**



Frac Trailer Mounted System



Data Analytics: Upstream Market Disruptor

From **3 weeks** to **5 Seconds**!

Upstream Custody Transfer challenges:

- Readings only taken every **3 to 6 weeks** with gas chromatography (gc)
- **Revenue degradation** on inconsistent readings impacted by temperature, timing, and conditions
- Requires **onsite personnel**

JP3 technology changes the market:

- Accurate readings every **5 seconds**
- **Stakeholders paid on more consistent** hydrocarbon quality readings
- A more valuable hydrocarbon stream
- **Autonomous** measurement





FLOTEK

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