



FLOTEK

Corporate Update
May 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.

This presentation includes certain non-GAAP measures. Please refer to the reconciliations provided in the earnings press release and the appendix in this presentation for the nearest GAAP measure.

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



FTK
LISTED
NYSE

Founded:	1985
Employees:	143
Corporate Headquarters:	Houston
Countries with Clients:	59
Patents:	>170

1Q 2024 Results:

– Gross Profit Margin:	22%
– Net Income (\$MM):	\$1.6
– Adj. EBITDA* (\$MM):	\$4.0
– Debt to Adj. EBITDA*:	0.3x

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

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

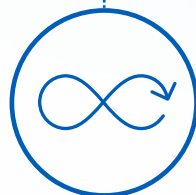
We collaborate and deliver sustainable, optimized chemistry and data solutions that maximize our customers' value

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 \$7.9 million improvement in Adj. EBITDA* 1Q 2024 over 1Q 2023



Expand Global Footprint

Sustainable growth in international revenues

Strong Balance Sheet

Debt to Adj. EBITDA* 0.3x

Environmental Leadership

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

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

1Q 2024 Highlights: Improvement in Performance

Improved profitability with lower industry fleet counts

- Delivered year-over-year growth:
 - Net income*: **↑** \$10.8 million
 - Gross profit: **↑** \$6.9 million
 - Adj. gross profit**: **↑** \$7.4 million
 - Adj. EBITDA**: **↑** \$7.9 million
- Realized gross profit margin and adj. gross profit margin** of 22% and 25%, respectively
- 11th consecutive quarter of improvement in adj. EBITDA** as a percentage of revenue
- Initiated full year 2024 guidance of adj. gross profit margin*** of 18% to 22% and adj. EBITDA*** of \$10 million to \$16 million
- Borrowings under Asset Based Loan declined 58% compared to year-end 2023

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

* 1Q 2023 net income excludes \$30.6 million in non-cash gains related to the fair value adjustment of the Company's convertible notes and the partial forgiveness of the Company's PPP loan

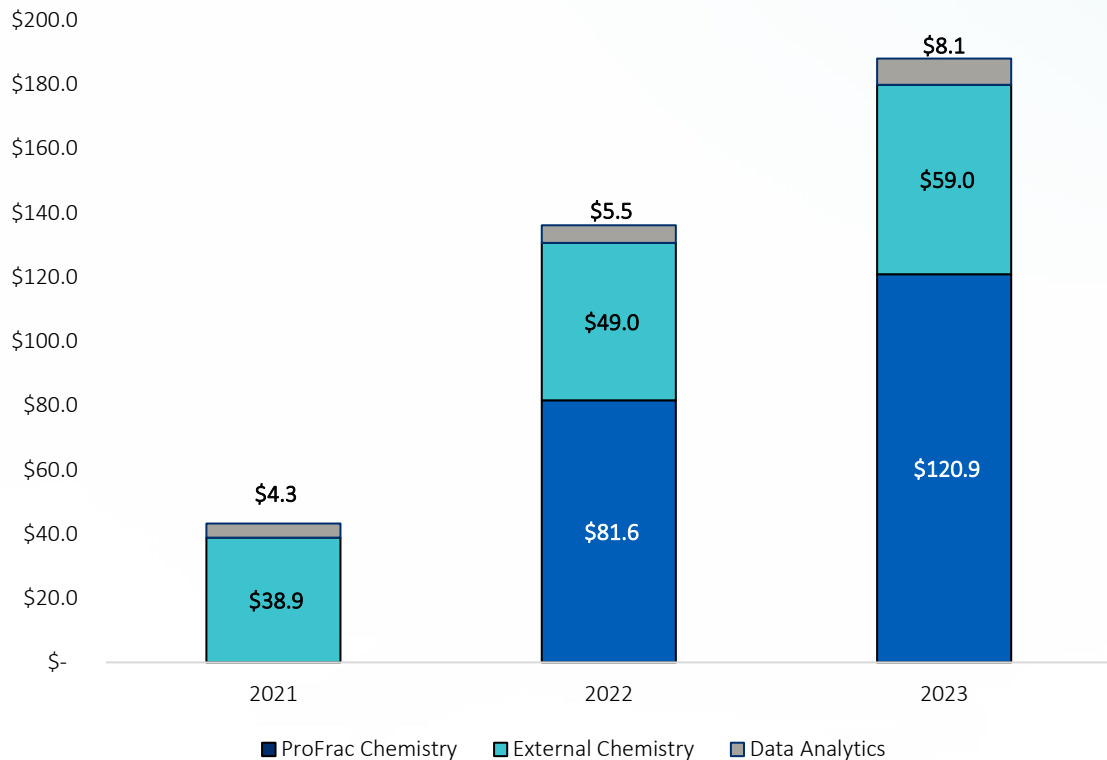
** Adjusted gross profit and adjusted EBITDA are non-GAAP measures. See the Appendix in this presentation for a reconciliation to the nearest GAAP measure

*** We are unable to reconcile this forward-looking non-GAAP financial measure to the most directly comparable GAAP financial measure without unreasonable efforts, as we are unable to predict with a reasonable degree of certainty the impact of certain items that would be expected to impact the GAAP financial measure

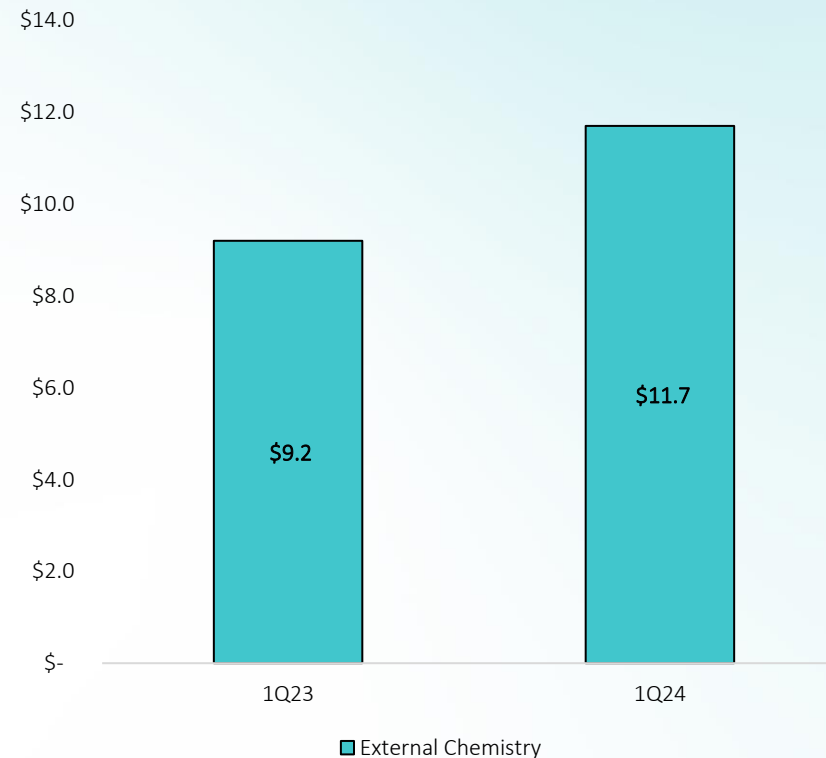
Strong Revenue Performance

TRANSFORMATIVE YEAR WITH SIGNIFICANT GROWTH IN ALL PROFITABILITY METRICS

Annual Segmented Total Revenue (\$MM)

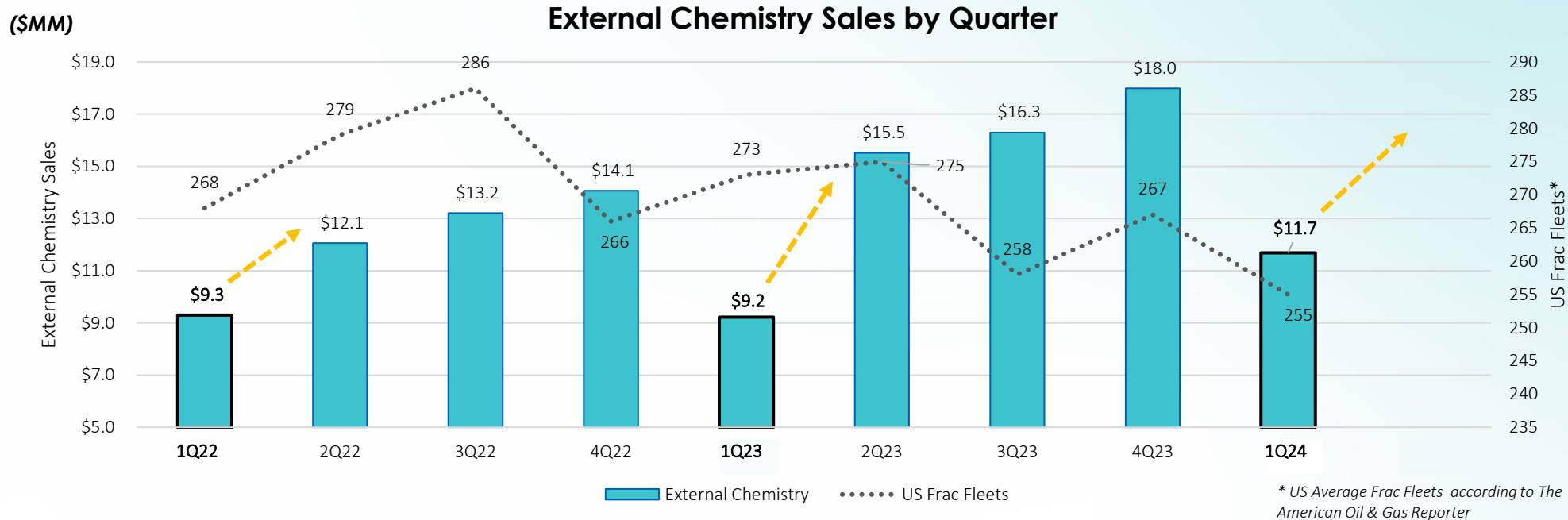


External Chemistry Revenue Quarter 1 Comparison (\$MM)



* ProFrac Chemistry reflects 'Chemistry Only' revenues

External Chemistry: Operator Seasonality



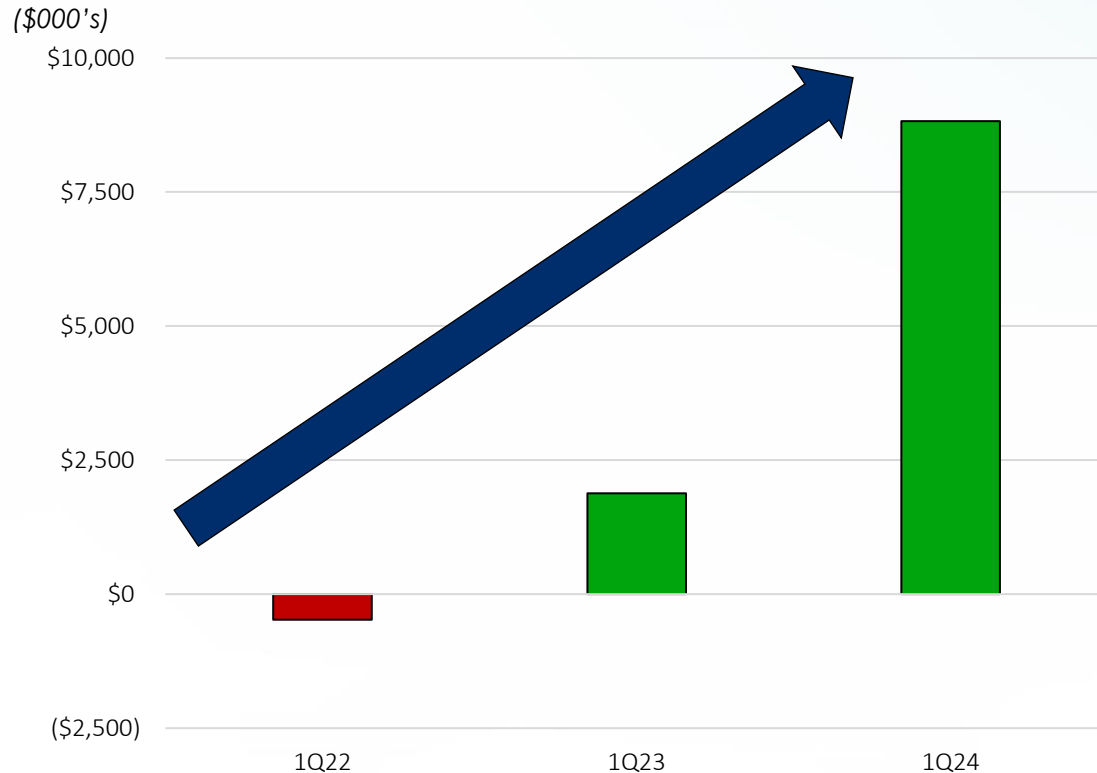
The last three years have experienced seasonality impacts in 1Q:

- Operator capital budgets have seen slow starts in the first quarter in each of the last 3 years
- 27% improvement in Q1 2024 sales compared Q1 2023 with 18 fewer fleets
- Expect a substantial revenue improvement in Q2 2024

Delivering Rapid Improvement in Gross Profit

CONSISTENT GROWTH IN PROFITABILITY METRICS

Quarterly Consolidated Gross Profit (Loss)

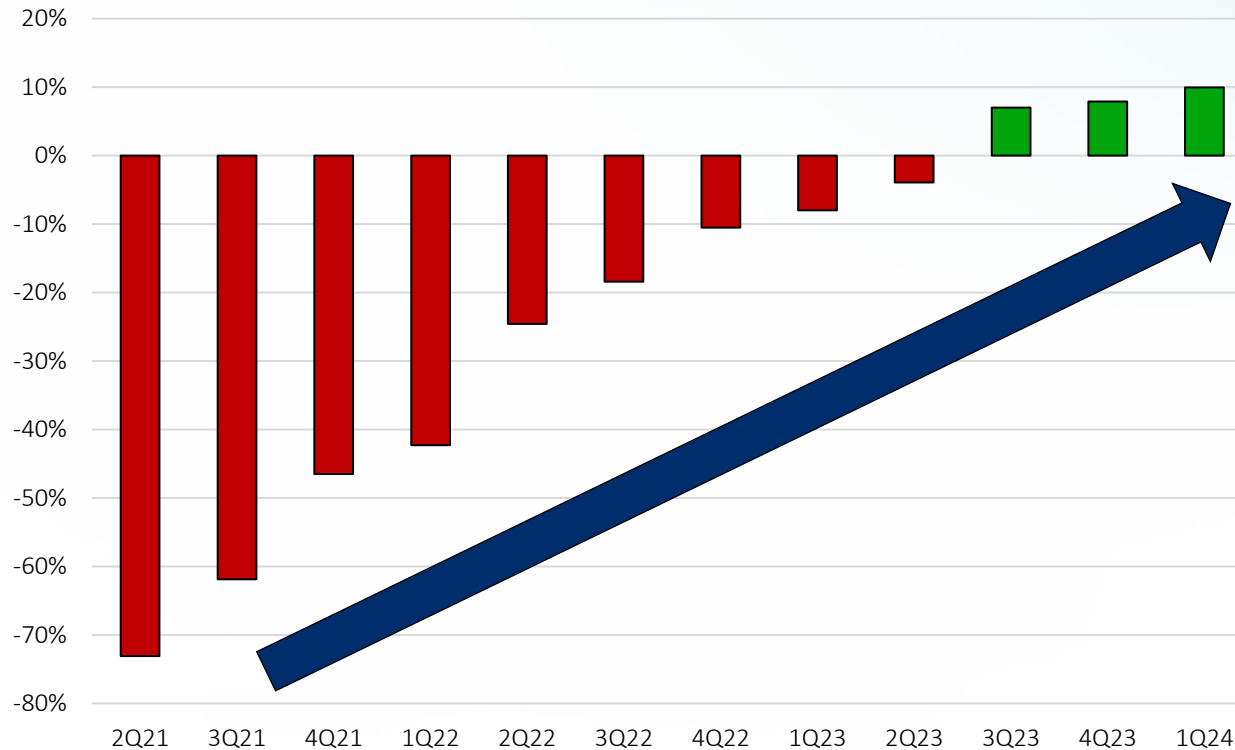


- 1Q 2024 gross profit was positive for the fifth consecutive quarter despite impacts of 1Q seasonality
- Delivered a \$6.9 million increase in 1Q 2024 gross profit compared to 1Q 2023
- Long-term contracted chemistry volumes protects against lower frac fleet activity

Solid Financial Momentum Continues

TREND OF PROFITABILITY IMPROVEMENT REACHES 11 CONSECUTIVE QUARTERS

Quarterly Adjusted EBITDA*/Revenue



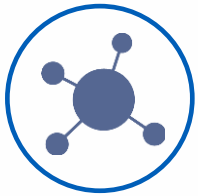
- 1Q 2024 adj. EBITDA* increased \$7.9 million over 1Q 2023
- 1Q 2024 was the 11th consecutive quarter of improvement
- Mid-point of 2024 guidance implies ~800% increase in annual adj. EBITDA**

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

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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

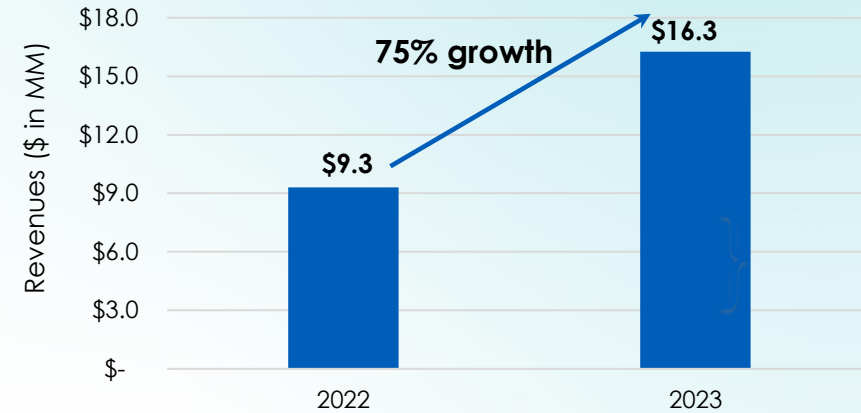
- Global presence in 59 countries
- Establishing collaborative partnerships with E&P operators and oil field service providers
- Extensive experience with proven solutions in over 20,000 completed wells worldwide
- Fit-for-purpose optimized chemistry and data solutions allow customers to maximize the 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

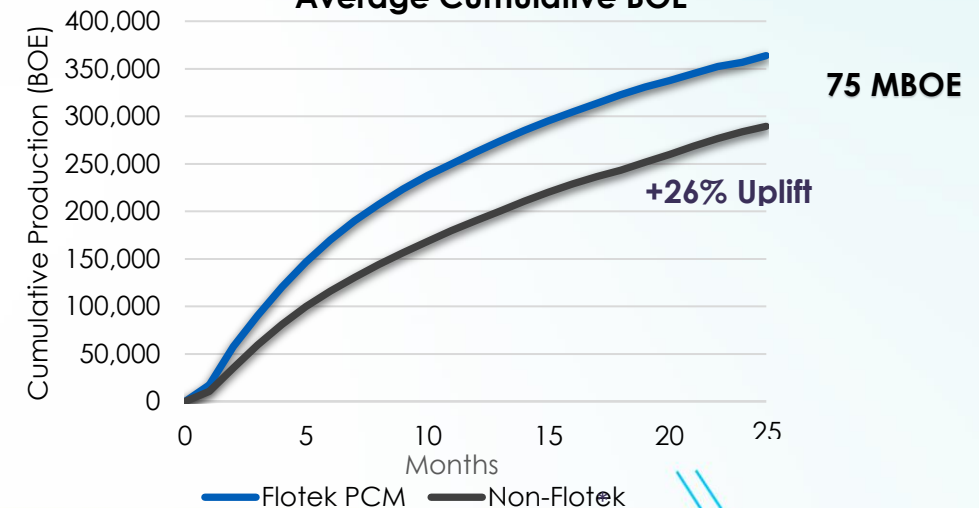
DELIVERING THE BEST UPLIFT PERFORMANCE IN INDUSTRY

- Prescriptive Chemistry Management (PCM)[™]
 - **Proprietary** energy chemistry solutions
 - **Dedicated** chemistry management team
 - **Customized** solutions to each well's geology
- **Data on over 20,000 wells** to enable advanced **AI** driven analytics for maximized customer return
- **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

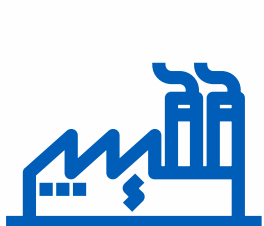


* Data derived from 2019-2023 Enverus Prism Platform (1,878 wells)

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

Chemistry Technologies: New Markets

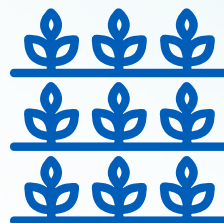
DIVERSIFIES CUSTOMER BASE AND PROVIDES FUTURE GROWTH OPPORTUNITIES



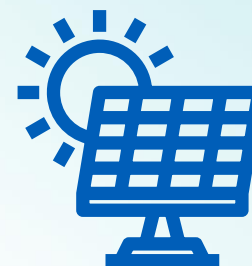
Industrial



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

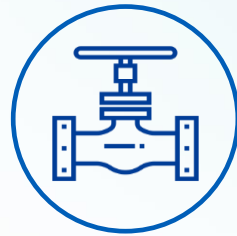
Data Analytics: Industry Applications

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

Data Analytics: “Measure More” Strategy

DIVERSIFYING REAL-TIME DATA MONITORING ACROSS CHEMISTRY LANDSCAPE

Introduction of the new generation Cal-X JP3 Analyzer

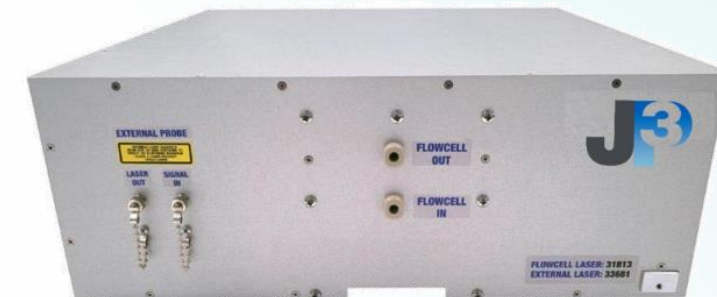
- Expected to unlock an estimated \$700 million oil & gas upstream TAM*
- 12x improvement in manufacturing/delivery time
- Provides a 60% Data as a Service sales opportunity



Pictured above: The proprietary Cal-X 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 and 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: New Flare Market (0000b/c)

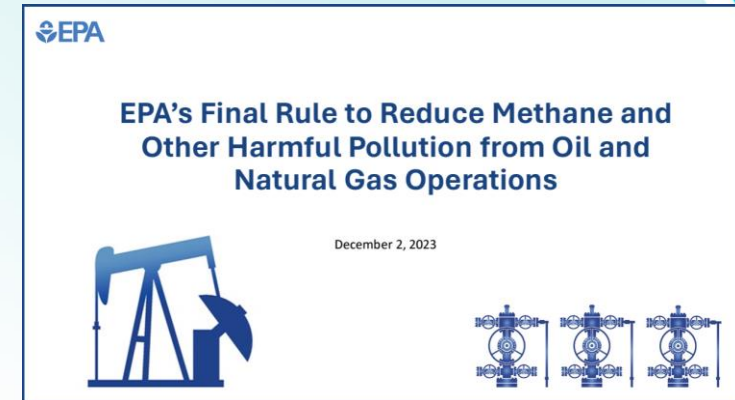
Continuous and Autonomous Flare Monitoring

EPA Regulation:

- Requires hourly Net Heating Value measurement of the gas stream for 14 consecutive operating days.
- Effective May 7th 2024

JP3 Technology:

- Provides continuous and autonomous monitoring
- JP3 Flare Analyzer allows for site to site mobility
- Provides full service: sampling, reporting, and power
- JP3 currently on customer field trials and seeking EPA regulatory approval



JP3 installed on flare with customer trial

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 expected to 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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Market disrupting real-time measurement technology

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- Release of next generation analyzer provides scale and new market opportunities

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)

FLOTEK INDUSTRIES, INC.			
Unaudited Condensed Consolidated Statements of Operations (in thousands, except per share data)			
	Three Months Ended March 31,		
	2024	2023	
Revenue:			
Revenue from external customers	\$ 13,180	\$ 11,652	
Revenue from related party	27,194	36,355	
Total revenues	40,374	48,007	
Cost of goods sold	31,553	46,127	
Gross profit	8,821	1,880	
Operating costs and expenses:			
Selling, general, and administrative	6,084	6,451	
Depreciation	220	176	
Research and development	406	614	
Severance costs	3	2,223	
Gain in fair value of Contract Consideration Convertible Notes Payable	—	(26,095)	
Total operating costs and expenses	6,713	(16,631)	
Income from operations	2,108	18,511	
Other income (expense):			
Paycheck protection plan loan forgiveness	—	4,522	
Interest expense	(278)	(1,672)	
Other expense, net	(26)	(9)	
Total other income (expense), net	(304)	2,841	
Income before income taxes	1,804	21,352	
Income tax expense	(242)	(9)	
Net income	\$ 1,562	\$ 21,343	
Income (loss) per common share:			
Basic	\$ 0.05	\$ 1.30	
Diluted	\$ 0.05	\$ (0.12)	
Weighted average common shares:			
Weighted average common shares used in computing basic income (loss) per common share	29,431	16,468	
Weighted average common shares used in computing diluted income (loss) per common share	30,316	26,462	

Unaudited Condensed Consolidated Balance Sheets

(in thousands, except share data)

FLOTEK INDUSTRIES, INC.		
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS		
(in thousands, except share data)		
	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,219	\$ 5,851
Restricted cash	100	102
Accounts receivable, net of allowance for credit losses of \$374 and \$745 at March 31, 2024 and December 31, 2023, respectively	10,718	13,687
Accounts receivable, related party, net of allowance for credit losses of \$0 at each March 31, 2024 and December 31, 2023	38,855	34,569
Inventories, net	13,871	12,838
Other current assets	2,888	3,564
Current contract asset	7,019	5,836
Total current assets	78,268	76,447
Long-term contract assets	66,369	68,820
Property and equipment, net	5,081	5,129
Operating lease right-of-use assets	4,336	5,030
Deferred tax assets, net	91	300
Other long-term assets	1,725	1,787
TOTAL ASSETS	\$ 155,850	\$ 157,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 35,952	\$ 31,705
Accrued liabilities	3,365	5,890
Income taxes payable	78	45
Current portion of operating lease liabilities	2,083	2,449
Current portion of finance lease liabilities	13	22
Asset-based loan	3,111	7,492
Current portion of long-term debt	179	179
Total current liabilities	44,781	47,782
Deferred revenue, long-term	35	35
Long-term operating lease liabilities	7,121	7,678
Long-term debt	15	60
TOTAL LIABILITIES	51,952	55,553
Commitments and contingencies		
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 29,661,130 shares outstanding at March 31, 2024; 30,772,837 shares issued and 29,664,130 shares outstanding at December 31, 2023	3	3
Additional paid-in capital	463,484	463,140
Accumulated other comprehensive income	169	127
Accumulated deficit	(325,244)	(326,806)
Treasury stock, at cost; 1,111,707 and 1,108,707 shares at March 31, 2024 and December 31, 2023, respectively	(34,514)	(34,504)
Total stockholders' equity	103,898	101,960
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 155,850	\$ 157,513

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

FLOTEK INDUSTRIES, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 1,562	\$ 21,343
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in fair value of contingent consideration	(26)	(359)
Change in fair value of Contract Consideration Convertible Notes Payable	—	(26,095)
Amortization of convertible note issuance costs	—	83
Payment-in-kind interest expense	—	1,571
Amortization of contract assets	1,267	1,251
Depreciation and amortization	220	178
Amortization of asset-based loan origination costs	85	—
Provision for credit losses, net of recoveries	32	23
Provision for excess and obsolete inventory	285	258
Non-cash lease expense	694	977
Stock compensation expense	311	(1,112)
Deferred income tax expense (benefit)	209	(6)
Paycheck protection plan loan forgiveness	—	(4,522)
Changes in current assets and liabilities:		
Accounts receivable	2,937	3,504
Accounts receivable, related party	(4,086)	(3,546)
Inventories	(1,318)	(441)
Income taxes receivable	—	—
Other assets	856	(470)
Accounts payable	4,246	8,554
Accrued liabilities	(2,499)	1,236
Operating lease liabilities	(921)	(1,190)
Income taxes payable	33	(87)
Interest payable	—	(8)
Net cash provided by operating activities	<u>3,887</u>	<u>1,140</u>

	Three Months Ended March 31,	
	2024	2023
Cash flows from investing activities:		
Capital expenditures	(152)	(157)
Net cash used in investing activities	<u>(152)</u>	<u>(157)</u>
Cash flows from financing activities:		
Payment for forfeited stock options	—	(817)
Payments on long term debt	(45)	(15)
Proceeds from asset-based loan	38,800	—
Payments on asset-based loan	(43,181)	—
Payments to tax authorities for shares withheld from employees	(9)	(200)
Proceeds from issuance of stock	33	20
Payments for finance leases	(9)	(6)
Net cash used in financing activities	<u>(4,411)</u>	<u>(818)</u>
Effect of changes in exchange rates on cash and cash equivalents	42	(21)
Net change in cash and cash equivalents and restricted cash	<u>(634)</u>	<u>144</u>
Cash and cash equivalents at the beginning of period	5,851	12,290
Restricted cash at the beginning of period	102	100
Cash and cash equivalents and restricted cash at beginning of period	<u>5,953</u>	<u>12,390</u>
Cash and cash equivalents at end of period	5,219	12,433
Restricted cash at the end of period	100	101
Cash and cash equivalents and restricted cash at end of period	<u>\$ 5,319</u>	<u>\$ 12,534</u>

Unaudited Reconciliation of Non-GAAP Items and Non-Cash Items Impacting Earnings (in thousands)⁽¹⁾

FLOTEK INDUSTRIES, INC.			
Unaudited Reconciliation of Non-GAAP Items and Non-Cash Items Impacting Earnings (in thousands)			
	Three Months Ended March 31,		Twelve Months Ended December 31,
	2024	2023	2023
Gross profit	\$ 8,821	\$ 1,880	\$ 24,263
Stock compensation expense	4	(140)	(132)
Severance and retirement	9	15	29
Contingent liability revaluation	(26)	(359)	(527)
Amortization of contract assets	1,267	1,251	5,033
Adjusted Gross profit (Non-GAAP)⁽¹⁾	\$ 10,075	\$ 2,647	\$ 28,666
Net income	\$ 1,562	\$ 21,343	\$ 24,713
Interest expense	278	1,672	2,857
Income tax expense	242	9	149
Depreciation and amortization	220	176	734
EBITDA (Non-GAAP)⁽¹⁾	\$ 2,302	\$ 23,200	\$ 28,453
Stock compensation expense	311	(1,112)	(268)
Severance and retirement	12	2,238	(17)
Contingent liability revaluation	(26)	(359)	(527)
Gain on disposal of assets	—	—	(38)
PPP loan forgiveness	—	(4,522)	(4,522)
Contract Consideration Convertible Notes Payable revaluation adjustment	—	(26,095)	(29,969)
Amortization of contract assets	1,267	1,251	5,033
Non-Recurring professional fees	160	1,548	3,343
Adjusted EBITDA (Non-GAAP)⁽¹⁾	\$ 4,026	\$ (3,851)	\$ 1,488

(1) Management believes that adjusted gross profit, EBITDA and adjusted EBITDA for the three months ended March 31, 2024 and 2023 and 12 months ended December 31, 2023, 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 analyzes 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.

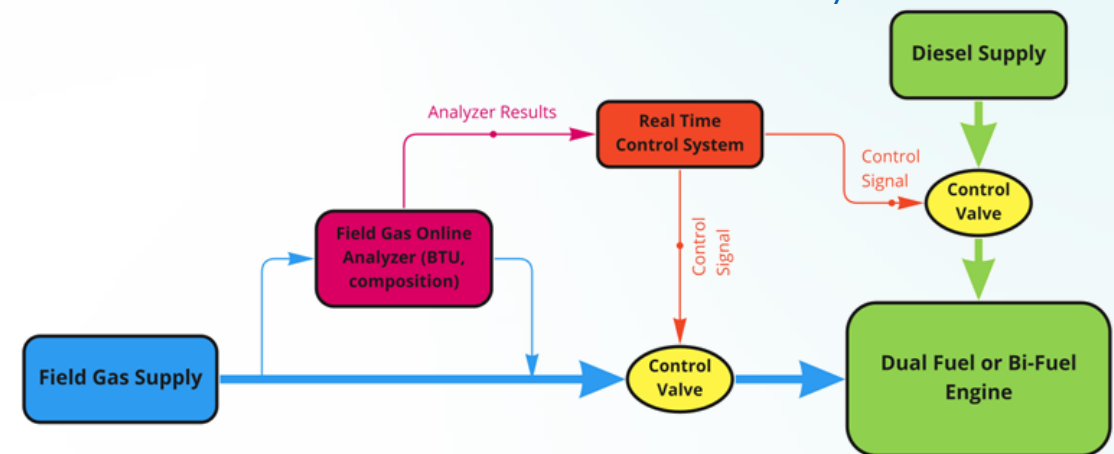
Data Analytics: Upstream Field Gas Usage

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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FTK

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