



# INVESTOR PRESENTATION

First Quarter 2021

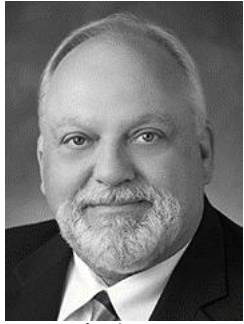
May 2021



# 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.*

# Meet the Flotek Leadership Team



John W. Gibson, Jr. | Chairman, President & CEO



Michael Borton  
CFO



Ryan Ezell, Ph.D.  
President  
Chemistry Technologies



TengBeng Koid  
President  
Global Business



Nick Bigney  
SVP, General Counsel &  
Chief Compliance Officer



James Silas, Ph.D.  
SVP, Research &  
Innovation



Danielle Allen  
SVP, Chief of Staff

— Innovative and results-oriented management team

— Entrepreneurial culture with commitment to customer success

— Unrelenting focus on delivering shareholder value

— Enhanced Board of Directors with focus on governance



# Flotek's Profile

## SUMMARY METRICS

NYSE: FTK

Market Cap: \$122.8 million  
as of 5/10/2021 (Bloomberg)

Cash: \$33.9 million

Debt: \$5.7 million\*

TTM Revenue: \$45.5 million  
as of 03/31/2021

Portfolio of 164 patent assets  
and growing

## Flotek Industries, Inc.

Flotek Industries, Inc. is a technology-driven, specialty chemistry and data company that helps customers across industrial, commercial and consumer markets improve their Environmental, Social and Governance (ESG) performance.

Flotek is applying our passion and knowledge for chemistry and data solutions to *reduce the environmental impact* of energy production on our air, water, land and people.

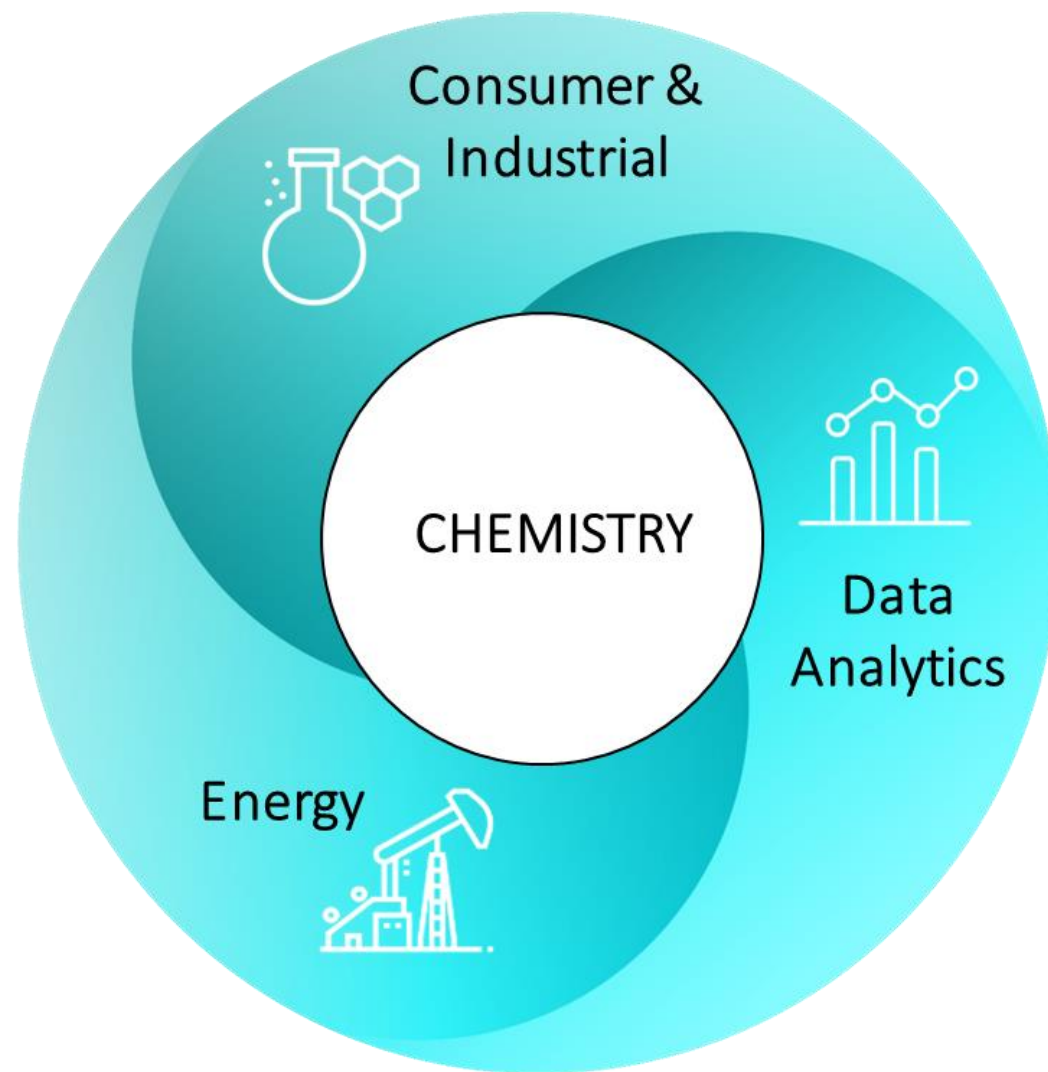
*Accelerating the energy transition toward a lower carbon, cleaner energy future*



\*The Company received a \$4.8 million loan and JP3 received a \$0.9 million loan, both pursuant to the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration as part of the "CARES Act."

# Chemistry As A Common Value-Creation Platform

A synergistic approach with chemistry at the core, utilizing the same assets, supply chain, logistics, R&D to unique buyers and markets – with the flexibility to deploy to most attractive market opportunities.



# Driving ESG Solutions For Our Customers

## CHEMISTRY TECHNOLOGIES

### Sustainable Chemistry Solutions...

- Driving operational efficiency
- Minimizing the potential for discharge or spills
- Applying real-time measurements for dosage efficiency
- Designing treatment programs to minimize chemical waste
- Utilizing less toxic and safer chemicals and products
- Deploying biodegradable products when possible
- Utilizing safer solvents and remove

### Driving Greener Solutions...

*Helping  
Customers  
Improve ESG  
Performance*

## DATA ANALYTICS

### Real-time Digital Monitoring Solutions...

- Reducing carbon footprint, energy consumption and emissions
- Reducing physical samples
- Automating large-scale processes
- Minimizing waste and inefficient reprocessing
- Enabling increases in liquid production and less gas while meeting storage and transportation specs



# Flotek's Business Segments

## Chemistry Technologies

### Energy Chemistry

Provides specialty chemicals and logistics solutions to oil & gas producers that improve asset performance and economics.

### Professional Chemistry

Delivers high-performance cleaning and sanitizing products that meet the demands across a variety of consumer and industrial applications.

### Data Analytics

Flotek's innovative, real-time data platforms combine the energy industry's only field-deployable, inline optical analyzer with proprietary cloud visualization and analytics, to optimize processing efficiencies and valuation of natural gas, crude oil and refined fuels.

# Building on Foundation Set in 2020 for Long-Term Success

We have adapted our business and created foundation to drive long-term strategy supported by greener solutions.

## Expanding International

- **Energy Chemistry**
  - Focus on significant growth opportunities in the Middle East.
  - Selected as chemistry partner-of-choice for coil tubing stimulation for Middle East NOC.
- **Data Analytics (JP3)**
  - Expanding from domestic-only offering to international markets, with a focus on Middle East, Africa & Asia.
  - Second pilot secured in Middle East and readying for deployment; Completed site survey of its first international pilot.

## Diverse Portfolio offering Green Solutions

- **Enhanced our focus on ESG** solutions by providing products and services with green benefits, across the enterprise, for improved customer ESG performance, efficacy and profitability.
- **JP3 Acquisition** provides customer diversification across downstream, midstream and upstream markets.
- **Launch of Professional Chemistries product line, Flotek Protekol™:** Leveraged our existing supply chain, facilities, and chemistries to generate margin-accretive revenue.

## Unlocking Digital Transformation

- **JP3** is helping customers accelerate their digital transformation through real-time valuation of hydrocarbon composition to manage crude oil & natural gas processing in a digital age, unlocking significant value and transforming business processes.
- **Implemented software development enhancements** by accelerating Artificial Intelligence and machine learning capabilities.

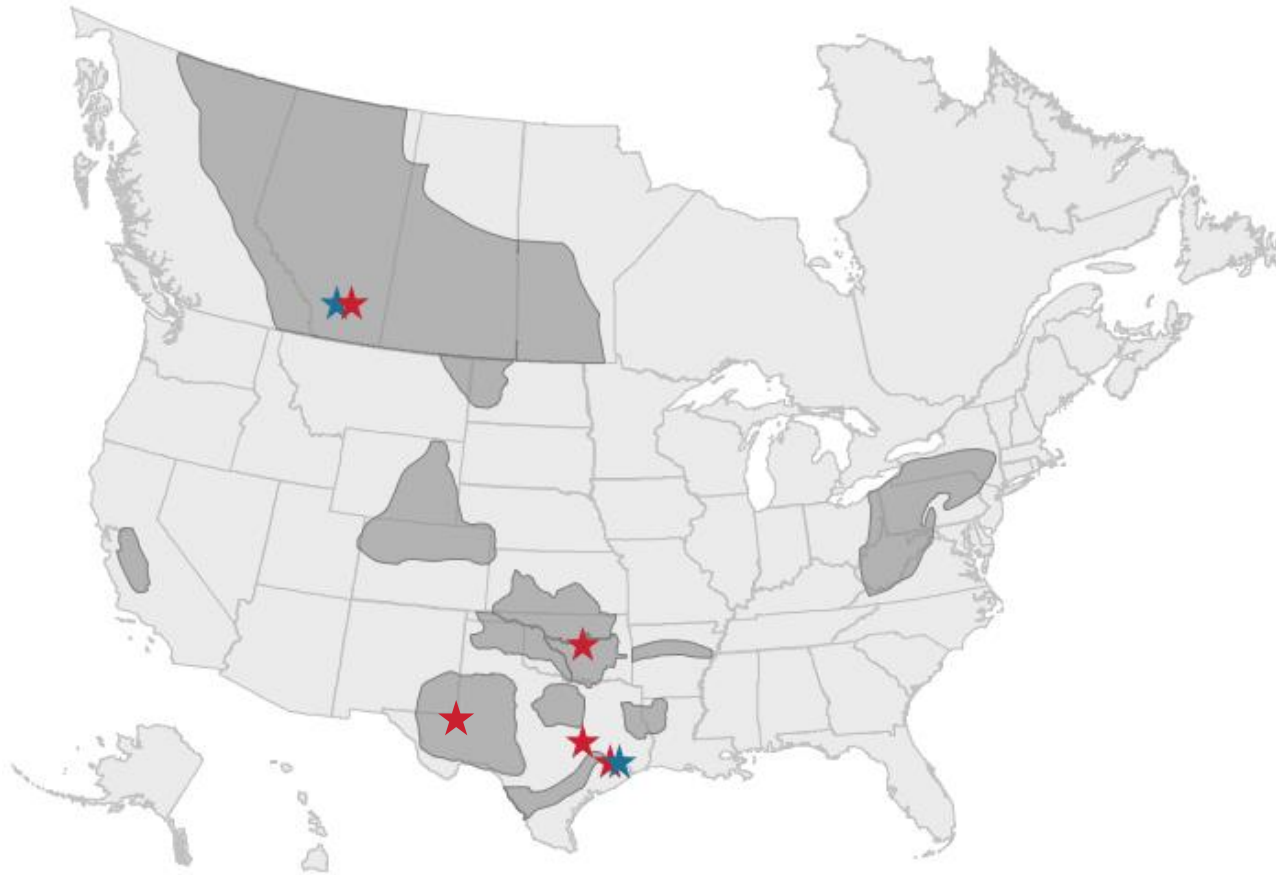
## Driving Operational Efficiencies

- Reduced our structural costs and improved our processes to run our business more efficiently – and to protect our liquidity.
  - Significant reduction in salary-related expenses, travel, professional fees, bonus fees, and corporate expenses coupled with facility rationalization and consolidation of headquarters.
  - Driven by our disciplined approach, our cash use rate declined in the first quarter as compared to the prior three periods.



# Flotek Operations

*Global footprint with significant international opportunities across business segments.*



- ★ Flotek Operations
- ★ Flotek Research

Latin America



Europe / ME / Russia



Asia Pacific



■ Flotek International Targets

# Differentiating through Research & Innovation

*Building Technical Partnerships with Customers*

Integration of Geosciences, Engineering, and Chemistry to Drive Total Chemical Value

Design and Implement Reservoir Specific Chemistry for Production Enhancement

Analysis of Production, Type Curves, and Chemical Risk by Reservoir Attributes

Improve workover, remediation, and EOR performance through optimal chemical design

164  
patent  
assets

Custom Laboratory Space and Services Partnerships (O&G, JAN/SAN, Data Analytics)

Develop Reliable and Compliant Cleaning and Disinfecting Products

Develop New Sensors and Methods for Real Time Chemistry Measurement

Accelerate ESG transitions with safer/green chemistry & Realtime Monitoring of Processes



33%

R&I square footage is dedicated to the interactive client experience



75%

R&I personnel dedicated to direct client support



100%

R&I time and effort dedicated to increasing value...now and in the future

# Chemistry Technologies Segment: Energy Chemistry

*Transformed business, offering unique solution to meet the needs of oil and gas market today and the future*

## Flotek's energy chemistry business offers a unique and valuable solution in the marketplace

- Delivering cost-effective chemistry solutions
- Designing and implementing optimized chemistries
- Helping operators increase production at lower cost per barrel produced

## 2020 set the foundation for future growth

- Drove down our operational costs
- Renegotiated logistics and supplier contracts
- Enhanced efficiencies in our business processes
- Accelerated our focus on ESG solutions for customer efficacy and profitability

## Q1 Highlights

- *Despite the impacts of winter storm in February, the Company saw a rebound in its domestic business, up 56%, on a sequential basis. Internationally, the Company regained traction towards the end of the quarter, primarily due to purchasing delays as a result of headwinds in market activity.*
- *Strong engagement with C-Suite leaders at E&Ps to reintroduce the Company's Environmental, Social and Governance-focused (ESG) value proposition to deliver cost-effective, environmentally friendly, safer chemistry solutions.*
- *Initiated key field trial applications for its green, reservoir-centric chemistry technologies.*
- *Hired Nathan Snoke as Vice President of Energy Chemistry, a seasoned global leader.*

# Chemistry Technologies Segment: Professional Chemistry

*Leverages Flotek's existing specialty chemistries and diversifies business and revenue stream*

## Q1 2020

- Began initially as community support initiative.
- Leveraging the same chemistries, facilities, capabilities as energy chemistries.

## Q2 2020

- Launched FDA-quality surface & hand sanitizers for industrial and consumer applications.
- Minimal capital investment to capture long-term, high growth opportunity.

## Q3 2020

- Expansion of product line: FDA-and EPA-registered Janitorial & Sanitizing product portfolio.
- Actively selling FDA-and EPA-registered janitorial and sanitizer.
- Installed packaging line for greater efficiency, lower costs, accelerated order fulfillment.

## Q4 2020

- Further expanded product portfolio to include surface cleaners, wipes, sanitizers and degreasers.
- Initiated strategic advisor relationship with former Clorox executive.

## Q1 2021

- Launched Flotek Protekol™ Brand.
- Signed strategic agreement with major global manufacturer to produce and package EPA-registered disinfectants and wipes, enabling expansion of products and sales of hospital-grade products
- Hired Matthew Sullivan as Vice President of Professional Chemistries to lead business development.

## GROWTH OPPORTUNITIES

***Advance Flotek's position high-quality professional chemistry manufacturer.***

- *Growth opportunities in the janitorial sanitizer market (JanSan) and contract manufacturing for white label distribution.*
- *Expanded portfolio includes disinfectant wipes and sprays, surface cleaners and degreasers, and manufacturing partnerships with emerging technologies in the Jan-San industry.*





# Flotek Chemistry Capability

Domestic Blend Facilities

PRODUCTS  
MADE IN THE USA



MARLOW, OK



WALLER, TX

3M+  
gal/mo.  
combined  
capacity\*

90,000 sqft warehouse  
(heated and ambient bulk storage tanks)

Full liquid blending and  
QA/QC capabilities

38,000 sqft warehouse  
(heated and ambient bulk storage tanks)

Liquid blending and  
QAQC capabilities

ISO Certified

FDA 503BcGMP  
Facilities

USP 795 Pharmaceutical Compounding of  
non-sterile preparations

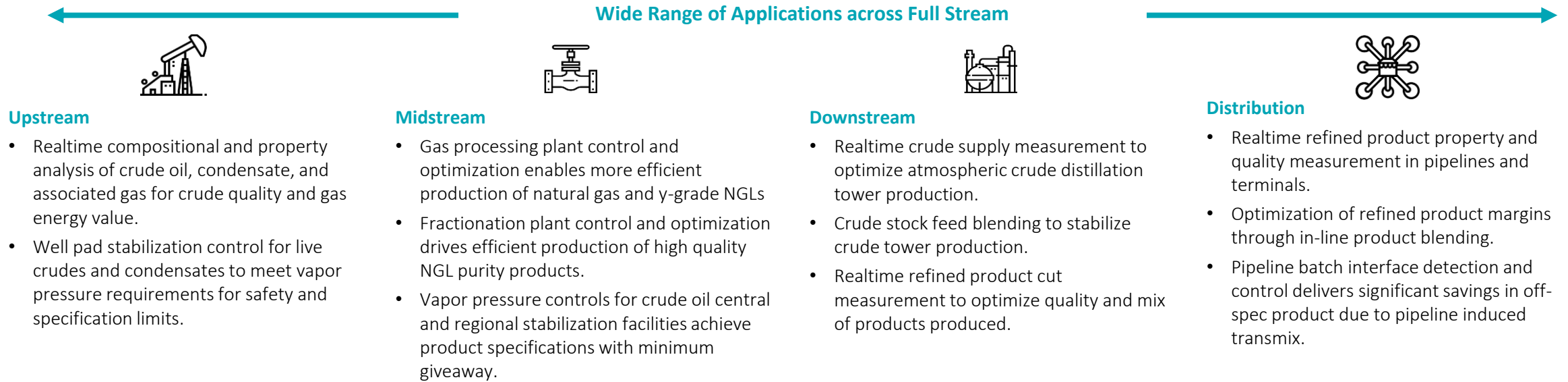
EPA Establishment No: 84892-OK-1  
FDA/NDC Labeler Code: 74208



\*Manufacturing capacities are on 8 hr shift basis; two shifts are available for liquid/gel  
Manufacturing capacities are for wipes are approximately 2.0M 80 count canisters/month

# Data Analytics Segment

*JP3 Technology: Transforming businesses through real time data and analytics – driving process and operational efficiencies, minimizing waste and reducing reprocessing.*



## Q1 Highlights

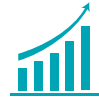
- *International market entry strategy underway, focusing on the Middle East, Africa and Asia, securing its second pilot in the Middle East.*
- *Software enhancements utilizing Artificial Intelligence and machine learning capabilities will enable Flotek to reduce transmix and drive additional customers.*
- *Began streamlining the Company's sampling process to improve operational efficiencies, reduce costs to customers and increase speed to system commissioning.*

# First Quarter 2021 Highlights

## Financials

- Consolidated revenue in the first quarter was down 2.8% versus fourth quarter of 2020
- Operating expenses in the first quarter declined by 39.6% versus first quarter of 2020
- Adjusted EBITDA was a loss of \$6.6 million, narrowing from the fourth quarter 2020 loss of \$6.8 million
- Healthy cash position of \$33.9 million; cash usage has declined significantly sequentially

## Chemistry Technologies



Excluding terpene, sales in Chemistry Technologies segment improved 7.1% sequentially



Notable strength in domestic energy business, up 56% sequentially



Two new and experienced leadership joined segment

## Data Analytics



Consistent sales growth in Data Analytics; 16.7% increase in sales sequentially



Growth in new and existing customer base



Secured second pilot in the Middle East

# Investment Highlights



— Leading developer of specialty, performance chemistry

— Differentiated portfolio

— Strong R&D capabilities, world-class research & innovation center

— Attractive ESG value proposition and market dynamics

— Disciplined approach to growth and profitability

— Empowering digital transformation

— Runway of growth internationally





# Recent Financials

## Unaudited Condensed Consolidated Statement of Operations

(in thousands, except share data)

	Three Months Ended		
	3/31/2021	3/31/2020	12/31/2020
<b>Revenue</b>	\$ 11,770	\$ 19,416	\$ 12,106
<b>Costs and expenses:</b>			
Operating expenses (excluding depreciation and amortization)	13,801	22,841	24,327
Corporate general and administrative	4,361	4,493	3,744
Depreciation and amortization	307	2,191	235
Research and development	1,542	2,555	1,540
Loss (gain) on disposal of long-lived assets	2	(33)	(2)
Impairment of fixed, long-lived and intangible assets	-	57,454	-
Total costs and expenses	20,013	89,501	29,844
<b>Loss from operations</b>	(8,243)	(70,085)	(17,738)
<b>Other (expense) income:</b>			
Interest expense	(18)	(4)	(20)
Other (expense) income, net	(33)	(47)	179
Total other (expense) income, net	(51)	(51)	159
<b>Loss before income taxes</b>	(8,294)	(70,136)	(17,579)
Income tax (expense) benefit	(6)	6,169	(102)
<b>Net loss</b>	(8,300)	(63,967)	(17,681)
<b>Loss per common share:</b>			
Basic	\$ (0.12)	\$ (1.07)	\$ (0.26)
Diluted	\$ (0.12)	\$ (1.07)	\$ (0.26)
<b>Weighted average common shares:</b>			
Weighted average common shares used in computing basic and diluted loss per common share	68,447	59,836	67,586

# Balance Sheet

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	33,945	\$ 38,660
Restricted cash	40	664
Accounts receivable, net of allowance for doubtful accounts of \$1,320 and \$1,316 at March 31, 2021 and December 31, 2020, respectively	11,522	11,764
Inventories, net	11,616	11,837
Income taxes receivable	53	403
Other current assets	2,179	3,127
Assets held for sale	546	—
Total current assets	59,901	66,455
Property and equipment, net	8,258	9,087
Operating lease right-of-use assets	2,217	2,320
Goodwill	8,092	8,092
Deferred tax assets, net	220	223
Other long-term assets	29	33
<b>TOTAL ASSETS</b>	<b>\$ 78,717</b>	<b>\$ 86,210</b>
<b>LIABILITIES AND STOCKHOLDERS' &amp; EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,483	\$ 5,787
Accrued liabilities	17,931	18,275
Income taxes payable	20	21
Interest payable	46	34
Current portion of operating lease liabilities	597	636
Current portion of finance lease liabilities	61	60
Current portion of long-term debt	5,023	4,048
Total current liabilities	30,161	28,861
Deferred revenue, long-term	104	117
Long-term operating lease liabilities	8,099	8,348
Long-term finance lease liabilities	80	96
Long-term debt	642	1,617
<b>TOTAL LIABILITIES</b>	<b>39,086</b>	<b>39,039</b>
Stockholders' Equity:		
Common stock, \$0.0001 par value, 140,000,000 shares authorized; 78,275,814 shares issued and 72,702,298 shares outstanding at March 31, 2021; 78,669,414 shares issued and 73,088,494 shares outstanding at December 31, 2020	8	8
Additional paid-in capital	360,537	359,721
Accumulated other comprehensive income (loss)	30	(19)
Accumulated deficit	(286,988)	(278,688)
Treasury stock, at cost; 5,573,516 and 5,580,920 shares at March 31, 2021 and December 31, 2020, respectively	(33,956)	(33,851)
Total stockholders' equity	39,631	47,171
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 78,717</b>	<b>\$ 86,210</b>

# Cash Flow

	Three months ended March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net loss	\$ (8,300)	\$ (63,967)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of contingent consideration	(335)	-
Depreciation and amortization	307	2,191
Provision for doubtful accounts	-	597
Provision for excess and obsolete inventory	307	529
Impairment of right-of-use assets	-	7,434
Impairment of fixed assets	-	30,178
Impairment of intangible assets	-	19,842
Loss (gain) on sale of assets	2	(33)
Non-cash lease expense	105	184
Stock compensation expense	778	462
Deferred income tax provision (benefit)	2	(133)
Changes in current assets and liabilities:		
Accounts receivable, net	255	1,675
Inventories, net	(78)	4,793
Income taxes receivable	267	(6,212)
Other current assets	405	3,645
Other long-term assets	541	-
Accounts payable	695	(7,666)
Accrued liabilities	(317)	(17,522)
Income taxes payable	89	226
Interest payable	12	-
Net cash used in operating activities	(5,265)	(23,777)
<b>Cash flows from investing activities:</b>		
Capital expenditures	(19)	(42)
Proceeds from sale of business	-	3,281
Proceeds from sale of assets	2	34
Abandonment of patents and other intangible assets	-	49
Net cash (used in) provided by investing activities	(17)	3,322
<b>Cash flows from financing activities:</b>		
Purchase of treasury stock	(105)	(45)
Proceeds from sale of common stock	38	349
Payments for finance leases	(14)	(51)
Net cash (used in) provided by financing activities	(81)	253
<b>Effect of changes in exchange rates on cash and cash equivalents</b>	23	(109)
<b>Net change in cash, cash equivalents and restricted cash</b>	(5,340)	(20,311)
Cash and cash equivalents at beginning of period	38,660	100,575
Restricted cash at beginning of period	664	663
<b>Cash and cash equivalents and restricted cash at beginning of period</b>	39,324	101,238
Cash and cash equivalents at end of period	33,945	80,263
Restricted cash at the end of period	40	664
<b>Cash, cash equivalents and restricted cash at end of period</b>	\$ 33,985	\$ 80,927

**GAAP Loss from Operations and Reconciliation to Adjusted EBITDA (Non-GAAP)**

# Non-GAAP Financial Metrics

	Three Months Ended		
	3/31/2021	3/31/2020	12/31/2020
<b>Loss from Operations (GAAP)</b>	\$ (8,300)	\$ (63,967)	\$ (17,681)
Interest Expense	18	4	20
Interest Income	(5)	(269)	(10)
Income Tax Benefit (Expense)	6	(6,169)	102
Depreciation and Amortization	307	2,191	235
Impairment of Fixed and Long Lived Assets	-	57,454	-
<b>EBITDA (Non-GAAP)</b>	<u>\$ (7,974)</u>	<u>\$ (10,756)</u>	<u>\$ (17,334)</u>
Stock Compensation Expense	738	462	833
Severance and Retirement	33	1,538	334
Inventory Write-Down	-	2,293	9,436
M&A Transaction Costs	(157)	-	(366)
Inventory Step-Up	48	-	108
(Gain) loss on Disposal of Assets	2	(33)	(2)
COVID-19 Related Costs	-	-	202
Discontinued Legal Fees	518	249	2
Winter Storm (Natural Disaster)	199	-	-
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ (6,593)</u>	<u>\$ (6,247)</u>	<u>\$ (6,787)</u>

(1) Management believes that adjusted EBITDA for the three months ended March 31, 2021 and March 31, 2020, and the three months ended December 31, 2020, 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 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 operational goals.