KODIAK GAS SERVICES™

Critical. Energy. Infrastructure.

INVESTOR PRESENTATION

March 2024

KGS LISTED NYSE

Disclaimer

Cautionary Note Regarding Forward-Looking Statements. This presentation contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding: (i) expected synergies and efficiencies to be achieved as a result of the Transaction; (ii) expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings; (iii) production and capacity forecasts for the natural gas and oil industry; and (iv) strategy for customer retention, growth, fleet maintenance, market position and financial results.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) a reduction in the demand for natural gas and oil; (ii) the loss of, or the deterioration of the financial condition of, any of our key customers; (iii) nonpayment and nonperformance by our customers, suppliers or vendors; (iv) competitive pressures that may cause us to lose market share; (v) the structure of our Compression Operations contracts and the failure of our customers to continue to contract for services after expiration of the primary term; (vi) our ability to successfully integrate any acquired businesses, including CSI Compressco, and realize the expected benefits thereof; (vii) our ability to fund purchases of additional compression equipment; (viii) a deterioration in general economic, business, geopolitical or industry conditions, including as a result of the conflict between Russia and Ukraine and the Israel-Hamas war, inflation, and slow economic growth in the United States; (ix) a downturn in the economic environment, as well as inflationary pressures; (x) tax legislation and administrative initiatives or challenges to our tax positions; (xi) the loss of key management, operational personnel or qualified technical personnel; (xii) our dependence on a limited number of suppliers; (xiii) the cost of compliance with existing and new governmental regulations, including climate change legislation; (xiv) the cost of compliance with regulatory initiatives and stakeholder pressures, including ESG scrutiny; (xv) the inherent risks associated with our operations, such as equipment defects and malfunctions; (xvi) our reliance on third-party components for use in our IT systems; (xvii) legal and reputational risks and expenses relating to the privacy, use and security of employee and client information; (xviii) threats of cyber-attacks or terrorism; (xix) agreements that govern our debt contain features that may limit our ability to operate our business and fund future growth and also increase our exposure to risk during adverse economic conditions; (xx) volatility in interest rates; (xxi) our ability to access the capital and credit markets or borrow on affordable terms to obtain additional capital that we may require; (xxii) the effectiveness of our disclosure controls and procedures; and (xxiii) such other factors as discussed throughout the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. Except as may be required by applicable law, we undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise.

Non-GAAP Financial Measures. This presentation contains certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including Adjusted Gross Margin, Adjusted Gross Margin Percentage, Adjusted EBITDA, Adjusted EBITDA Percentage, Discretionary Cash Flow and Free Cash Flow. Such non-GAAP measures should not be considered an alternative to, or more meaningful than, the most directly comparable measure of financial performance presented in accordance with GAAP. Moreover, such non-GAAP measures may not be comparable to similarly titled measures of other companies. However, we believe these non-GAAP financial measures provide useful information to investors because, when viewed with our GAAP results and the accompanying reconciliation, they provide a more complete understanding of our performance than GAAP results alone.

Industry & Market Data. The market data and certain other statistical information used throughout this presentation are based on independent industry publications, government publications or other published independent sources. Although we believe these third-party sources are reliable as of their respective dates, we have not independently verified the accuracy or completeness of this information. Some data is also based on our good faith estimates and our management's understanding of industry conditions. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results to differ materially from those expressed in these publications.

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Overview

A leading provider of domestic energy infrastructure, enabling the reliable and secure flow of natural gas and oil to feed growing global demand

AT-A-GLANCE [1, 2]

NYSE — KGS
IPO June 2023

Dividend Yield
5.6%

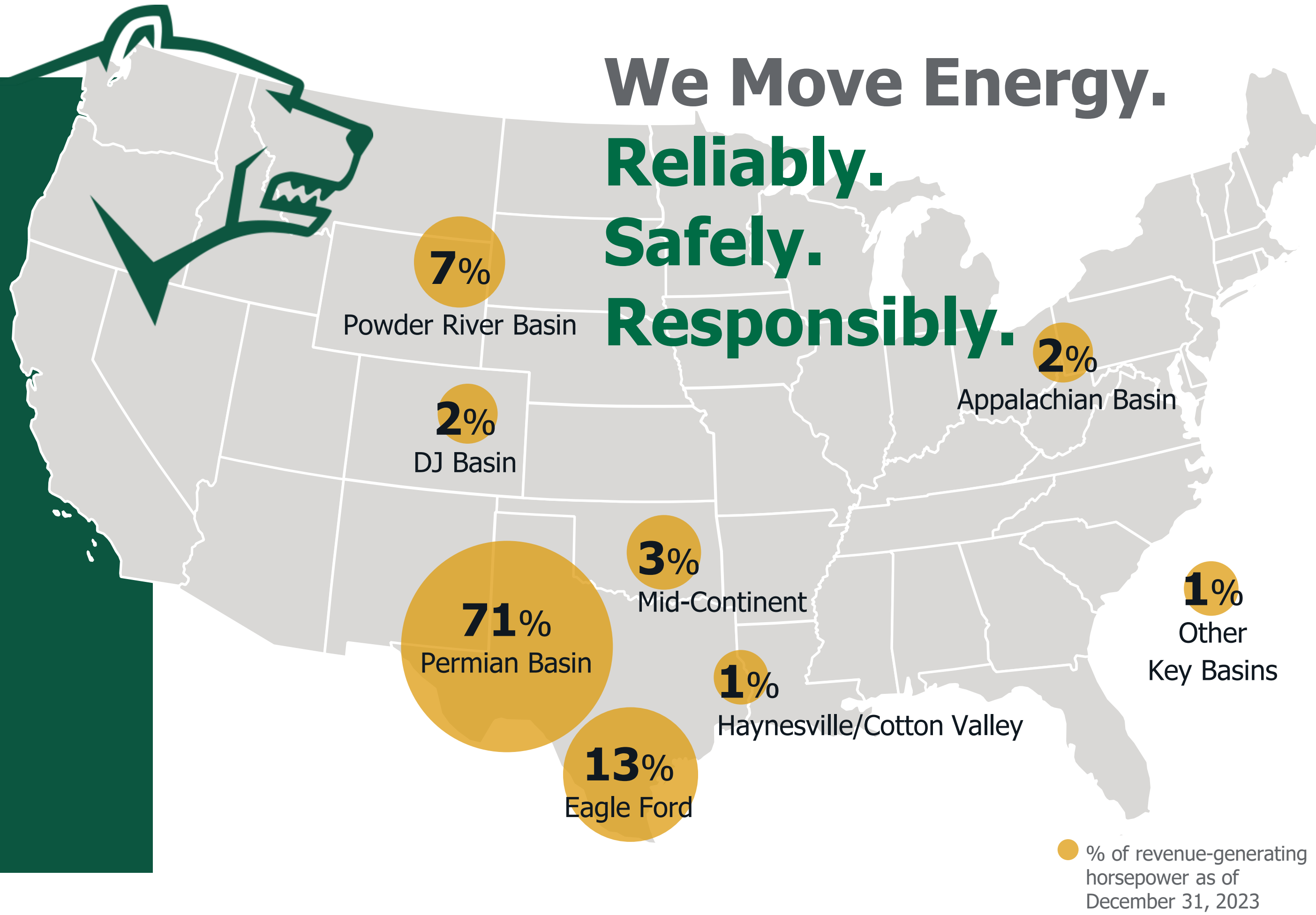
Market Cap
$2.1 billion

Shares Outstanding
77.4 million

Enterprise Value
$3.9 billion

Adjusted EBITDA
$438 million

We Move Energy.
Reliably.
Safely.
Responsibly.



[1] Based on KGS stock price as of 3/22/24, dividend yield based on fourth quarter 2023 dividend of $0.38 per share annualized
[2] Adjusted EBITDA is a non-GAAP financial measure; see Supplemental Slides for reconciliation, Adjusted EBITDA for the year ended December 31, 2023

Investment Thesis

Leading Market Position

- Purpose-built fleet of >3.2 million revenue-generating horsepower[1]
- Market leader in the Permian Basin with <~5% of HP in dry gas basins

Industry Leader in Both Growth & Utilization

- Horsepower CAGR of 6% over 5 years
- >99% utilization rate (2021-2023)

Attractive Industry Fundamentals

- Highly visible natural gas demand growth from LNG projects
- Tight equipment market with supply constraints

Strong and Stable Cash Returns

- Fixed-revenue contracts
- Business model designed to deliver high cash returns

[1] Revenue-generating horsepower as of December 31, 2023

Evolution of Kodiak into Market Leader

May 2010
Kodiak Gas Services founded

June 2011
Kodiak partners with the Stephens Group

January 2012
Kodiak deploys its first two compressors

February 2019
EQT acquires Kodiak from the Stephens Group

October 2019
Kodiak acquires Pegasus Optimization Managers

June 2023
Kodiak prices ~$294 million 100% primary initial public offering

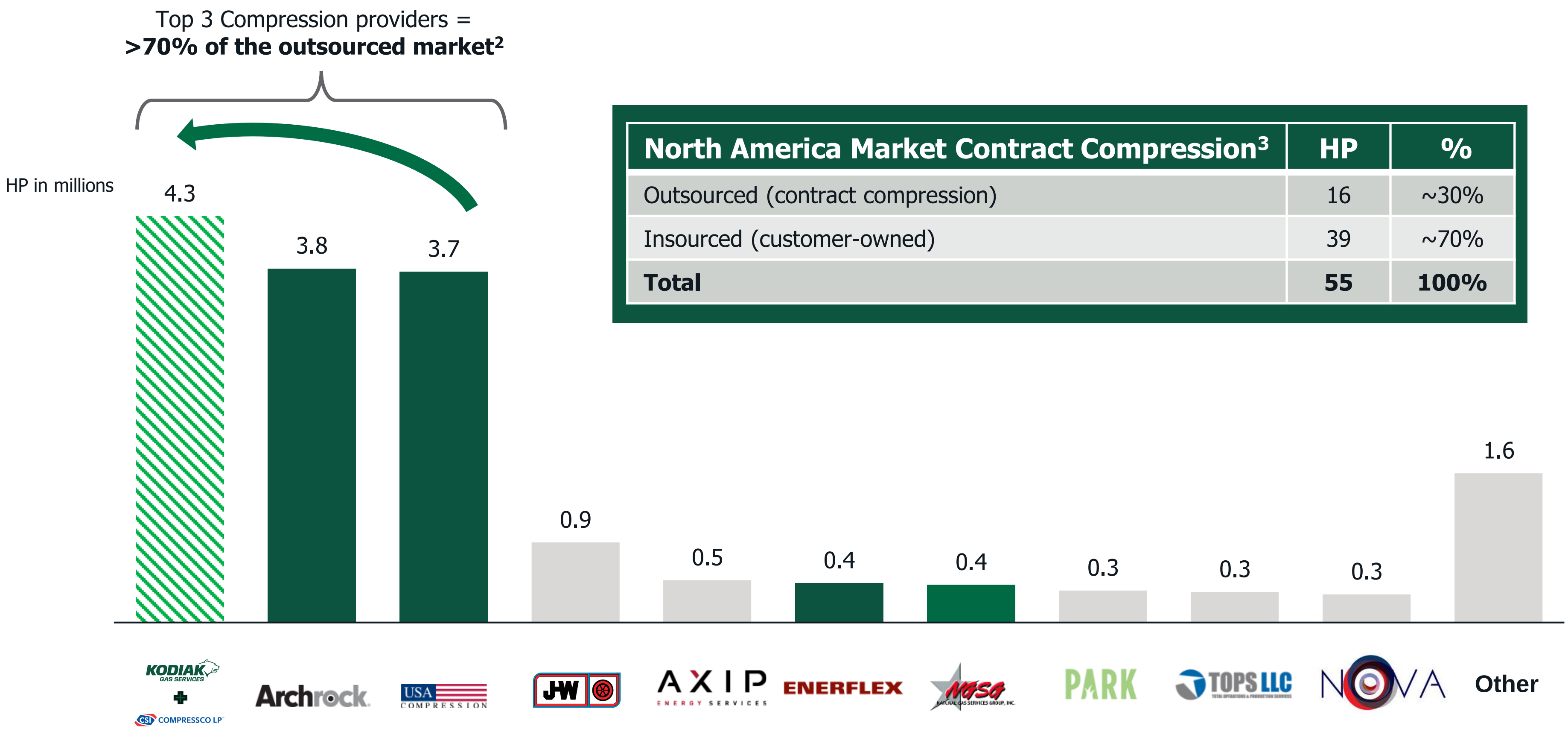
December 2023
Kodiak announces CSI acquisition

February 2024
$750 million Notes issuance

Compression Market Overview

Horsepower Market Share by Company[1]

North America Market Contract Compression[3]	HP	%
Outsourced (contract compression)	16	~30%
Insourced (customer-owned)	39	~70%
Total	**55**	**100%**

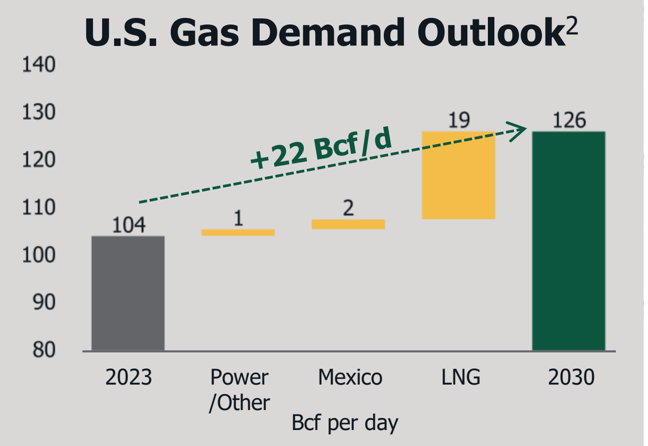


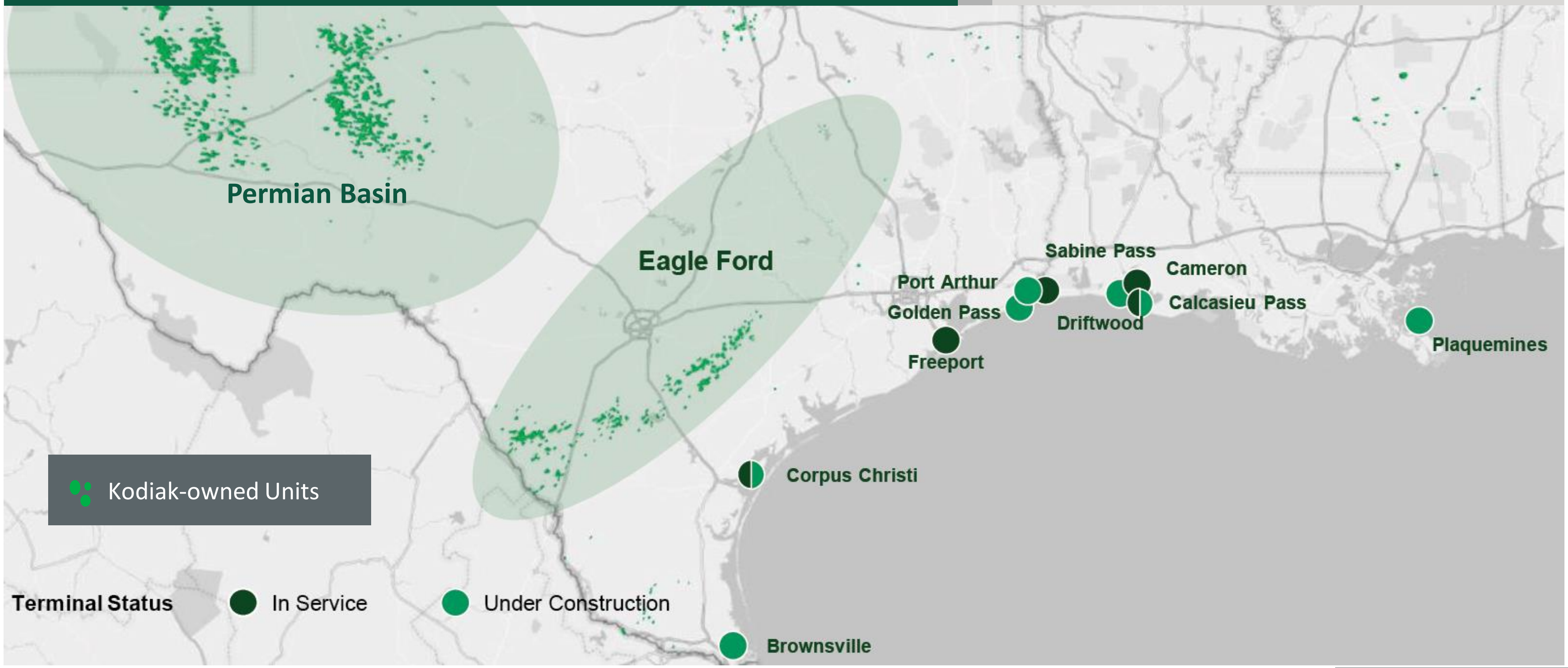
Public or Private	Public	Public	Public	Private	Private	Public	Public	Private	Private	Private	-

[1] Company websites, investor presentations, Kodiak Management, presentations, public filings as of March 14, 2024 and Spears & Associates Report: The Upstream Gas Compression Market as of January 2024.
[2] Pro forma for Kodiak Gas Services' pending acquisition of CSI Compressco expected to close on April 1st, 2024
[3] Spears & Associates: The Upstream Gas Compression Market: January 2024

LNG Driving U.S. Natural Gas Demand Outlook

- Associated natural gas from the Permian Basin expected to be one of the primary supply sources for Gulf Coast LNG projects
- Kodiak is a market leader in the Permian Basin with ~2.3 million horsepower ~71% of company's total HP[1]





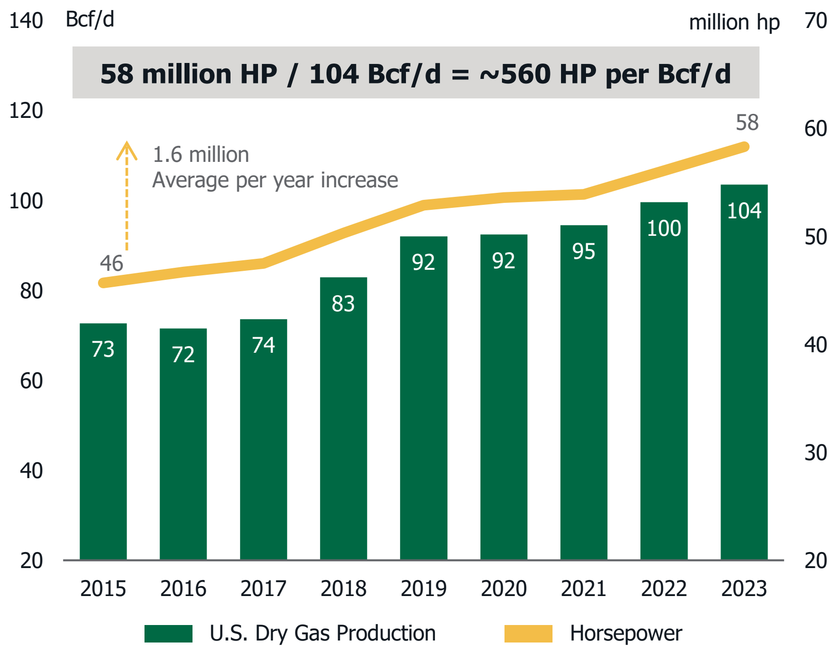
[1] As of December 31, 2023; [2] East Daley: 2024 Annual Natural Gas Outlook

Compression Demand Outlook

- U.S. natural gas demand expected to increase by 22 Bcf/d by 2030 – primarily driven by LNG exports
- An increase of ~1.8 million horsepower per year through 2030 required to meet this demand

U.S. Compression Intensity × **U.S. Gas Demand Outlook** = **Compression Demand Outlook**

U.S. Compression Intensity[1]



22 Bcf/d = ~12 M

Growth by 2030 | Incremental HP

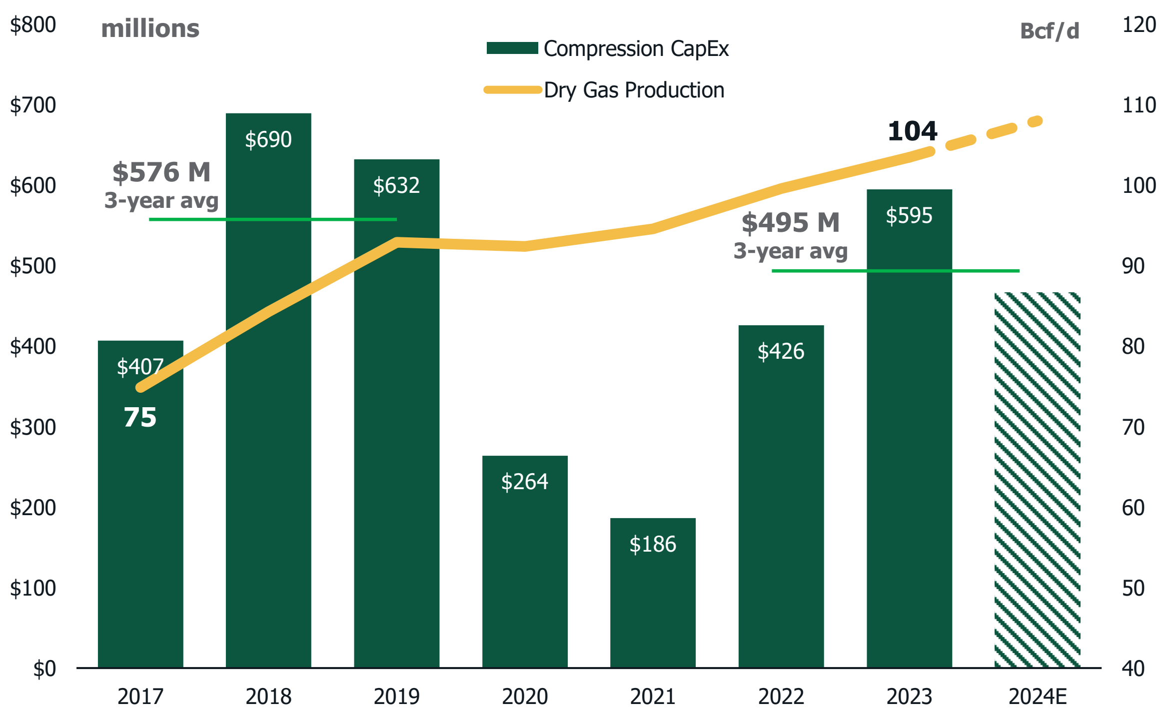
Represents a ~21% increase in total domestic horsepower

[1] Spears & Associates: The Upstream Gas Compression Market: January 2024

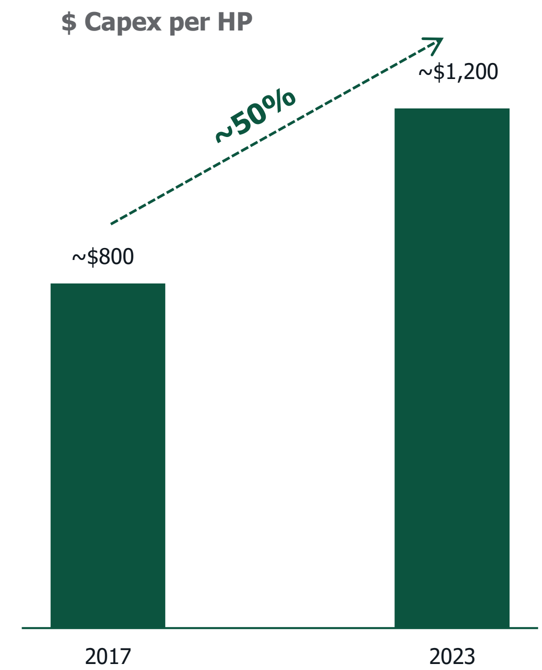
Compression Industry Has Displayed Capital Discipline

- U.S. dry natural gas production has increased by ~40% since 2017
- Compression industry capital spending remains constrained

Compression industry capital spending remains below historical levels[1]…



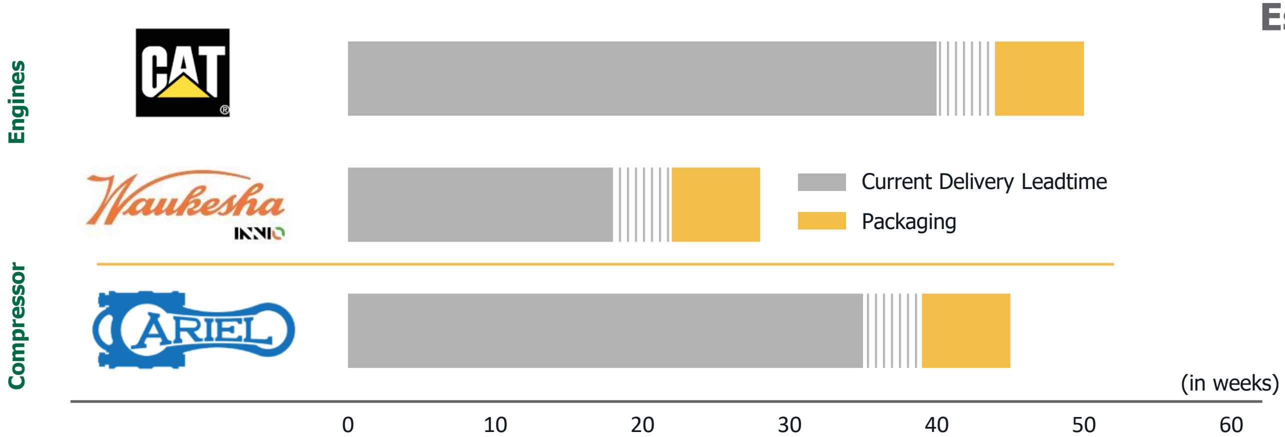
…while costs to add HP have risen significantly[2]



[1] Source: Company reports; Included in the capital spending dataset are AROC, CCLP, and USAC; 2024E represents the midpoint of company guidance or consensus estimates as of March 15, 2024; [2] Management estimates

Compression Markets Remain Tight

Supply constrained by long lead times from OEMs …



Est. Market Share[1]

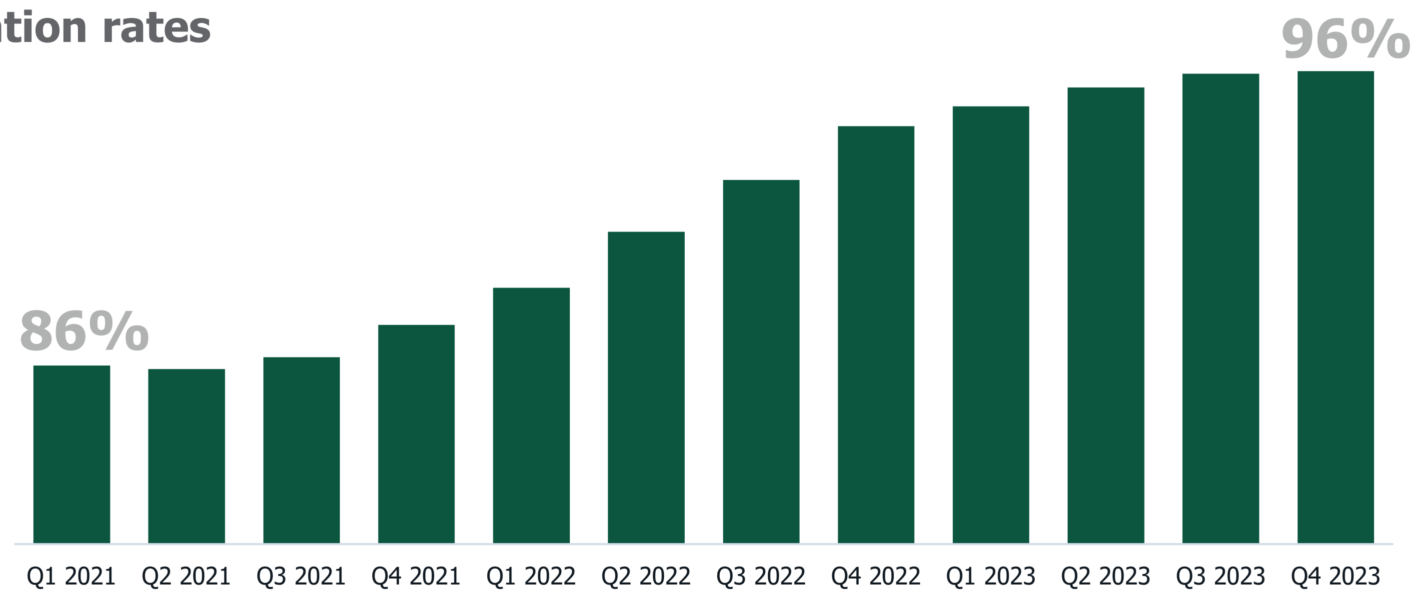
>80%

<10%

>90%

…and high utilization rates

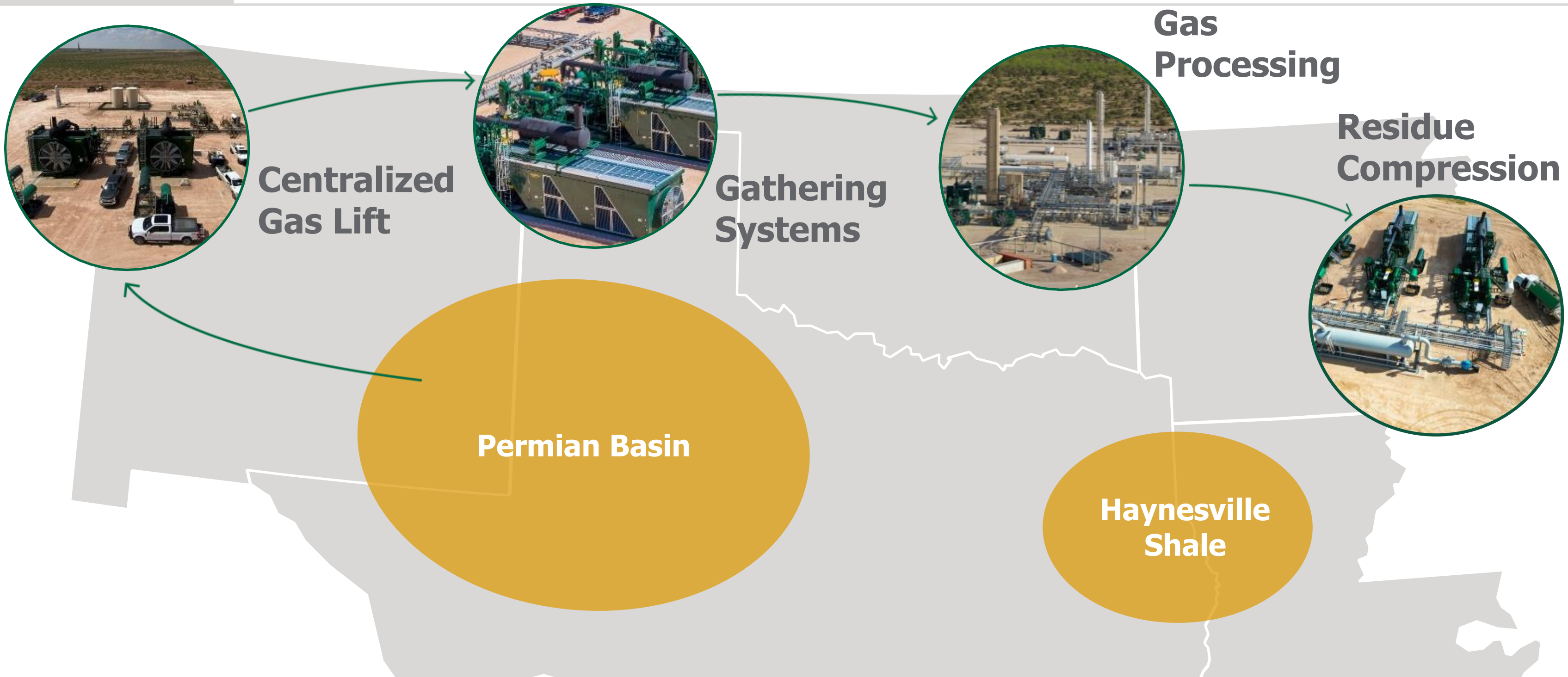
HP Utilization Rate, 2021 – 2023[2]



[1] >1,000 HP engine/reciprocating and based on management estimates

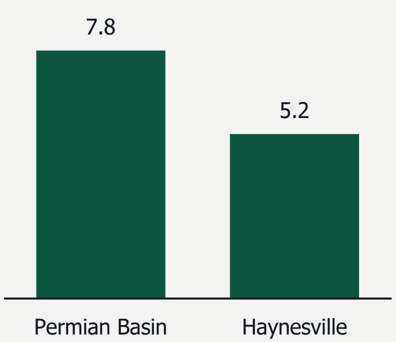
[2] Calculated as the weighted average period end utilization rate for KGS, AROC, CCLP, and USAC

Multiple Compression Touch Points



NATURAL GAS GROWTH

2020-2023[1] Bcf/d



[1] EIA Drilling Productivity Report

3x – 4x
Compression Required in the Permian Basin vs Haynesville

Kodiak's Fleet Was Purpose-Built for the Permian Basin

The Right Equipment for Today's Highest-Demand Applications

- Large horsepower focus – average of 1,059 HP/unit[1]
- Youngest fleet among public peers – average fleet age of 4.5 years[1]
- Compression systems designed for liquids-rich basins – >95% of HP in liquids-rich basins[1]
- Same system design for both upstream and midstream applications – ~ 60/40 split[1]
- Uniform design – 94% of units are CAT/Ariel[1]
- Industry's most emissions friendly fleet – >95% of fleet[1]

Source: Company filings, management estimates; [1] as of December 31, 2023

Operational Systems Designed to Maximize Mechanical Availability

KODIAK GAS SERVICES

Every aspect of the business is geared towards providing superior service as defined by industry leading mechanical availability

>99% Mechanical Availability Over Past 5 Years

Rigorous Engine and Compressor Maintenance

Data-driven,
preventative maintenance strategy

Program systemically ensures unit engines are effectively "zero-houred" every ~10 years

Superior Training = Superior Runtime[1]

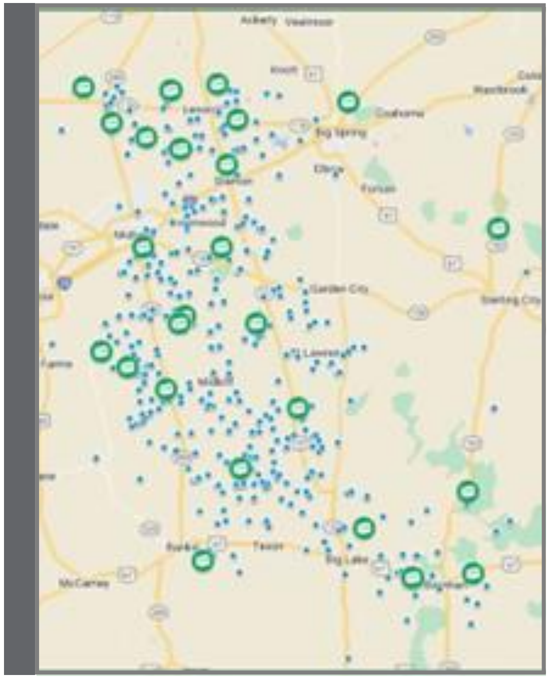
~19,000 Hours of Technical Training

~1,800 Hours of Compliance Training

~1,000 Hours of Professional Training

~13,500 Hours of Safety Training

Inventory System Designed to Minimize Downtime



Kodiak Unit   Inventory Storage

[1] For the twelve-month period ending December 31, 2023

Experienced and Diverse Leadership Team

20 yrs
Industry Experience

Mickey McKee

President & Chief Executive Officer

- Formed Kodiak in 2010
- Previously held positions as the SVP of Sales and Marketing / Engineering and Fleet Management for CDM Resource Management

23 yrs
Industry Experience

John Griggs

Chief Financial Officer

- Served as CFO since joining Kodiak in January 2023
- Previous CFO roles at Circulus Holdings, Conquest Completion Services and Rubicon Oilfield International
- Prior roles in energy private equity, energy lending, and energy investment banking

25 yrs
Industry Experience

Chad Lenamon

Chief Operations Officer

- Served as COO since October 2022
- Joined Kodiak from Pegasus in 2019
- Prior to Kodiak, was the CEO of Pegasus Optimization Managers and, prior to that, President of CDM Resource Management

19 yrs
Industry Experience

Kelly Battle

Chief Legal Officer, Chief Compliance Officer & Corporate Secretary

- Served as EVP and Chief Legal Officer since joining Kodiak in November 2022
- Previously was VP and General Counsel at Exterran, where she worked for 18 years

17 yrs
Industry Experience

Cory Roclawski

Chief Human Resource Officer

- Served as Chief Human Resource Officer since joining Kodiak in February 2020
- Previously held various senior HR positions at Rubicon Oilfield International and Exterran

18 yrs
Industry Experience

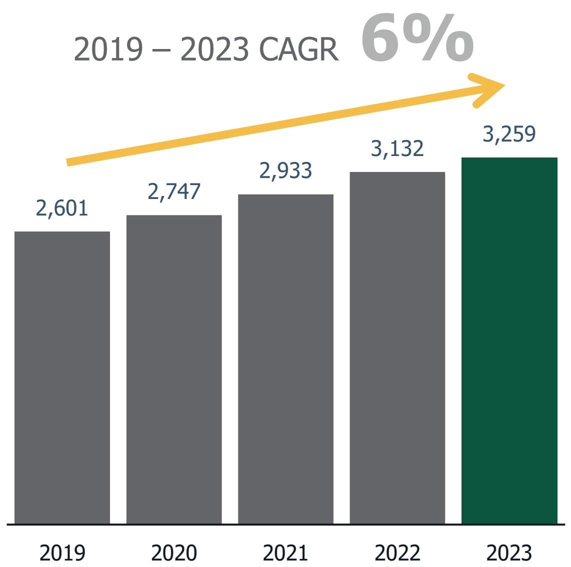
Pedro Buhigas

Chief Information Officer

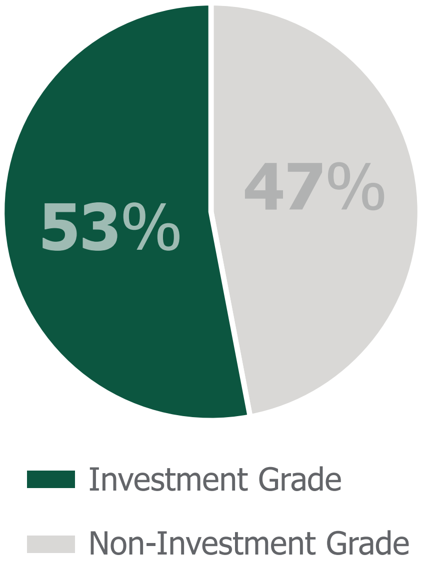
- Served as Chief Information Officer since joining Kodiak in September 2021
- Previously held senior IT leadership positions at Basic Energy Services, TETRA Technologies, and Stallion Oilfield Services

Premier Customer Base Drives Growth & Stability

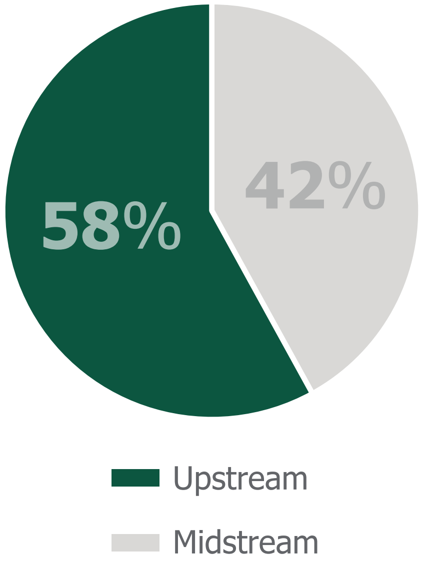
Continuous HP Growth[1]



Customers by Credit Rating[2]



Customers by Type[3]

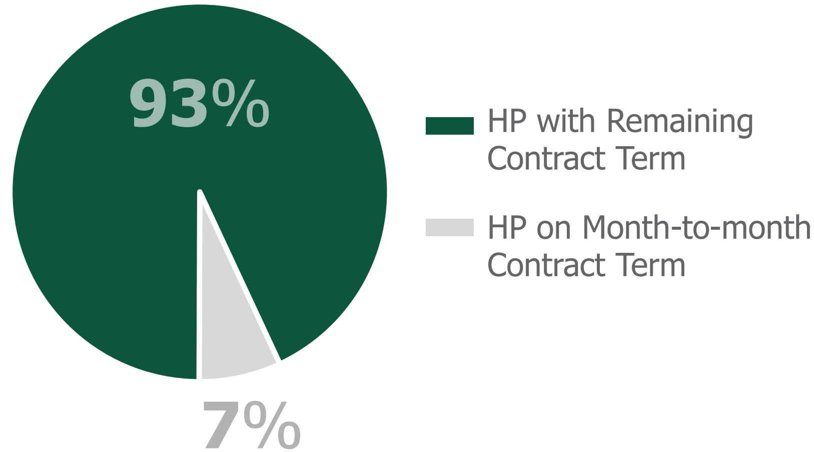


[1] Reflects end-of-period Revenue-generating HP, in thousands
[2] Based on Revenue-generating horsepower as of December 31, 2023;
[3] By HP as of December 31, 2023

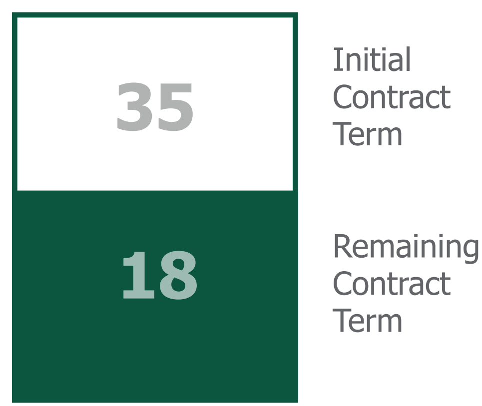
Contract Structure Supports Cash Flow Visibility

1. **Fixed monthly revenue with multi-year terms**
2. **Annual inflation index adjustments**
3. **Advance billing improves working capital cycle**
4. **98% mechanical availability guarantee**
5. **Customer bears mobilization and demobilization costs**

Percent of Month-to-Month Contracts[1]



Weighted Average Contract Term (months)[1]



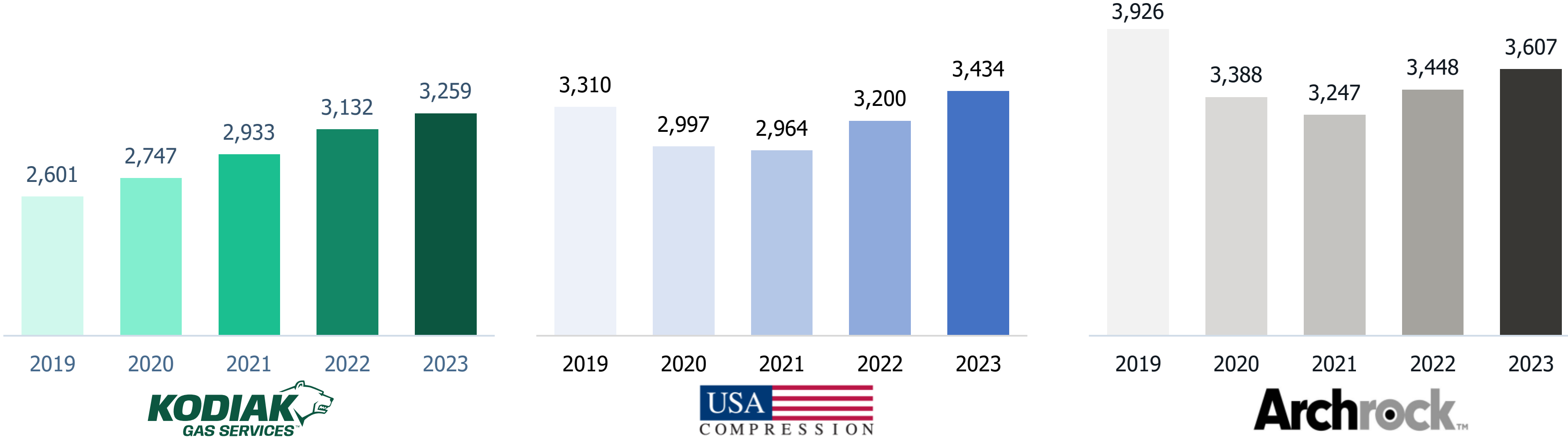
3–5 yrs

2024 Typical Contract Term

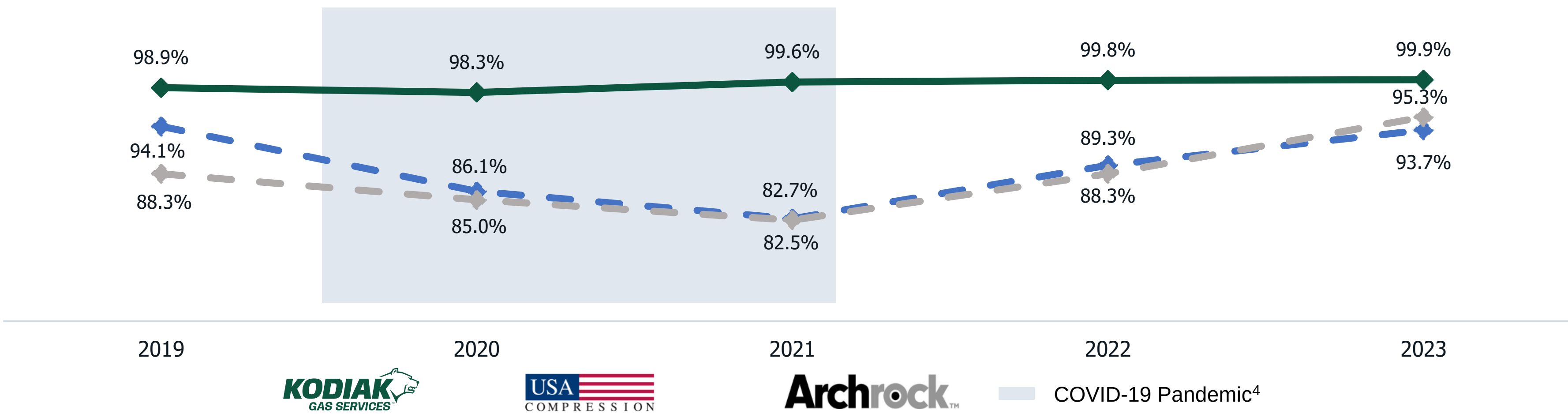
[1] As of December 31, 2023

Strategy Translates Into Industry Leading Growth and Utilization

End-of-period Revenue-Generating HP by Company (in thousands)[1,2]



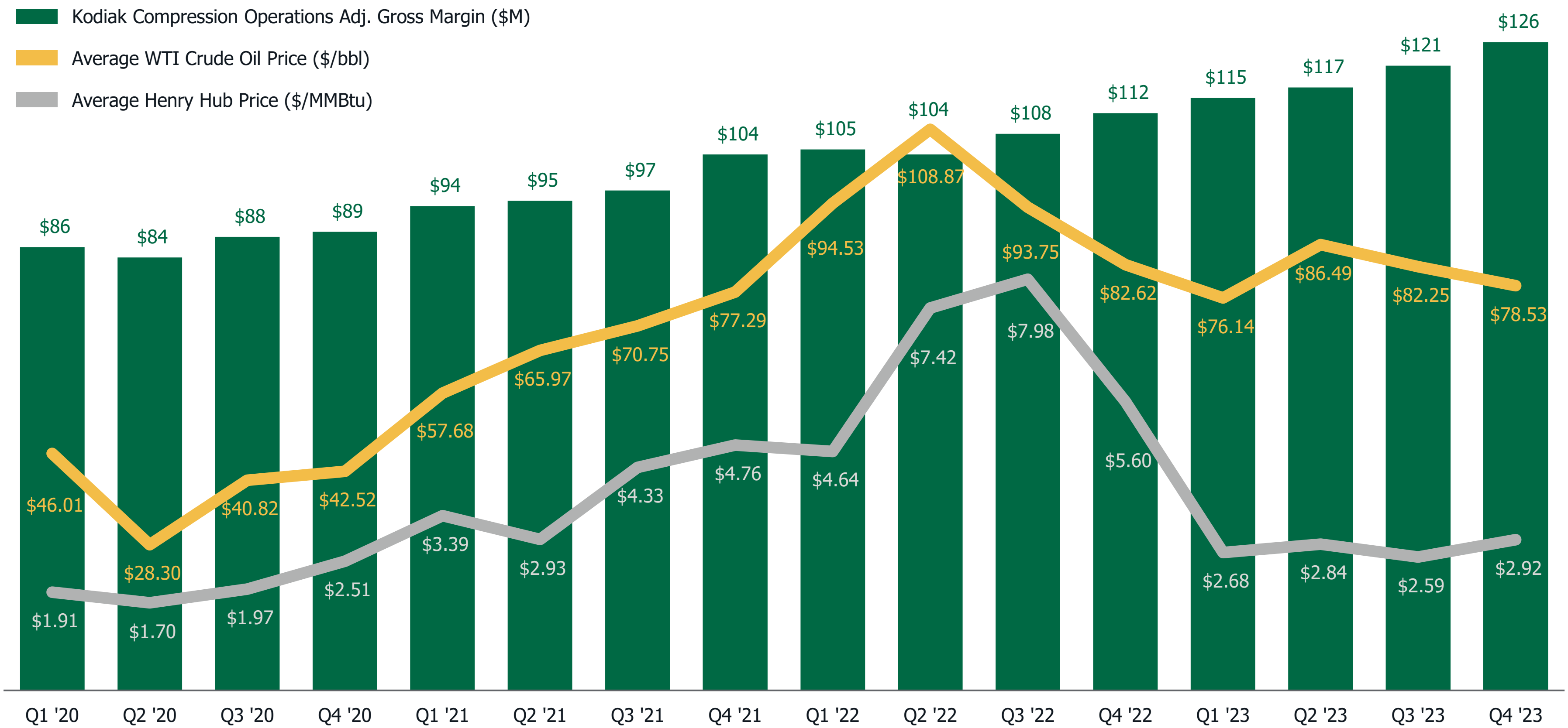
Average Annual HP Utilization by Company[3]



[1] Kodiak's 2019 HP shown pro forma for Pegasus acquisition; [2] AROC HP reflects total operating HP (at period end) since revenue-generating HP is not provided in public filings; [3] Average Annual HP Utilization calculated as the average of the four quarter-end utilization percentages for the year; [4] COVID-19 Pandemic is defined as Q1 2020 through Q2 2021

Steady Business in any Commodity Price Environment

Quarterly Compression Operations Adjusted Gross Margin ($M)



Source: Company filings; FactSet; Note: Adjusted Gross Margin is a non-GAAP financial measure; see Supplemental Slides for reconciliation

Capital Allocation Priorities

Targeting 35% – 40% payout of discretionary cash flow to shareholders through dividends

Investing in increasing fleet capacity that exceeds internal hurdle rate

Reducing leverage and further balance sheet **improvements**

Dividends

$0.38 per share

Initiated a quarterly dividend in the third quarter of 2023

Organic Growth

~7-9% growth

Targeting upper-single digit annual growth in Adj. EBITDA

Improving Balance Sheet

<3.5x

Focused on achieving leverage ratio of 3.5x or below by year-end 2025

2023 Financial Highlights

Achieved record financial results

- Compression Operations segment revenues of $736 million, increased by 12% y/y
- Other Services revenues increased by 117% y/y
- Adjusted EBITDA of $438 million, an increase of 10% y/y

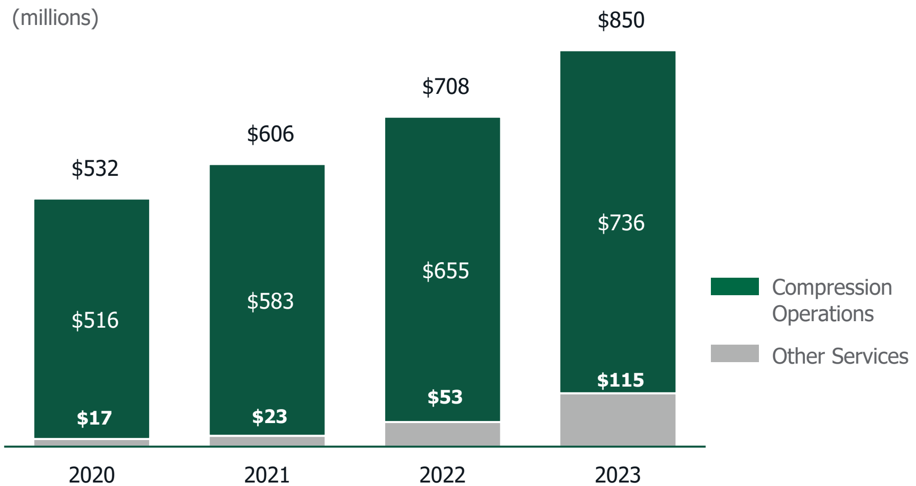
Increased large horsepower compression capacity by 4%

Maintained industry-leading utilization rate of 99.9%

Strengthened balance sheet and reduced debt; exited 2023 with a leverage ratio of 3.96x

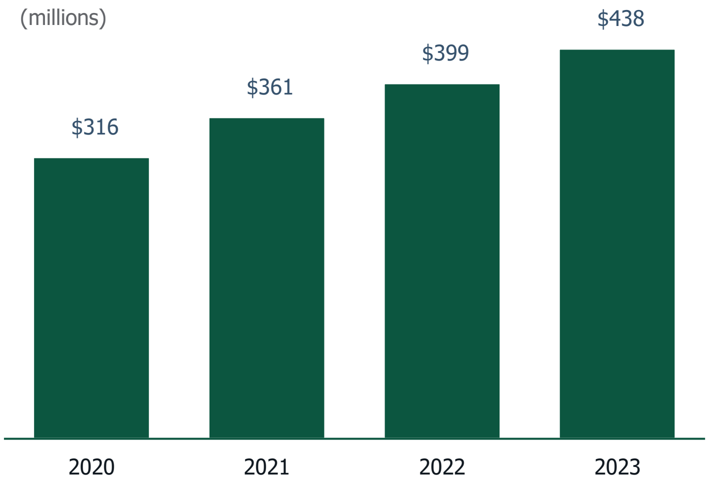
Revenue

(millions)



Adjusted EBITDA[1]

(millions)



Source: Company filings; [1] Adjusted EBITDA is a non-GAAP financial measure; see Supplemental Slides for reconciliation

Full-year 2024 Guidance

(All amounts below are in thousands except per share amounts and percentages)

	Low	High
Adjusted EBITDA (1)	$ 460,000	$ 490,000
Discretionary Cash Flow (1)(2)	$ 295,000	$ 310,000
Segment Information		
Compression Operations revenues	$ 795,000	$ 825,000
Compression Operations Adjusted Gross Margin Percentage	64%	66%
Other Services revenues	$ 60,000	$ 80,000
Other Services Adjusted Gross Margin Percentage	15%	20%
Capital Expenditures		
Growth capital expenditures, net (3)	$ 165,000	$ 185,000
Maintenance capital expenditures	$ 40,000	$ 50,000

1 The Company is unable to reconcile projected Adjusted EBITDA to projected net income (loss) and Discretionary Cash Flow to projected net cash provided by operating activities, the most comparable financial measures calculated in accordance with GAAP, respectively, without unreasonable efforts because components of the calculations are inherently unpredictable, such as 4 changes to current assets and liabilities, unknown future events, and estimating certain future GAAP measures. The inability to project certain components of the calculation would significantly affect the accuracy of the reconciliations.

2 Discretionary Cash Flow includes a non-recurring $25.8 million realized gain on derivatives and assumes no change to Secured Overnight Financing Rate futures.

3 Growth capital expenditures include new compression units, compression unit upgrades, capitalized make-ready costs and capitalized installation costs, as well as expenditures on assets other than compression units required to operate the business. For 2024, growth capital expenditures include approximately $12.5 million of non-unit-related expenditures and are presented net of proceeds from expected facility sales.

Industry Leader in Sustainability Initiatives

Established formal ESG Committee	Published inaugural sustainability report	Hart Energy recognizes Kodiak as first-ever ESG Top Performer Award winner[1]	Recognized as a best place to work – Houston Business Journal – Oklahoman – Houston Chronicle	Received Top Workplaces USA Award[2]	Established 'Bears Academy', a training center focused on workforce development

Environmental

Low Emissions Fleet

>95%

of fleet is lower emissions capable

Renewable Sourced Electricity

100%

of offices powered by electricity produced from renewable sources backed by Energy Attribute Certificates

Social

Prioritize Diverse Workplace

44%

Workforce diversity

Disciplined Approach to Safety

0.43

TRIR for 12 months ended December 2023

Governance

Board Diversity

56%

Gender, race and ethnic diversity

Board Objectivity in Long-Term Strategy

8 of 9

Board members independent

[1] Kodiak was considered in the Private Midstream Category

[2] Kodiak placed 91st nationally among mid-size companies with 500 to 999 employees

CSI Transaction Overview

Kodiak to acquire CSI Compressco LP ("CSI") in all-equity transaction valued at $854 million

- Fixed exchange ratio of 0.086 Kodiak shares per CSI unit
- Kodiak to assume $635 million in outstanding CSI debt

Purchase price represents ~5.3x multiple of CSI 2024E Adj. EBITDA after expected synergies

- >$20 million of expected annual run-rate cost synergies
- Pro forma 2024E Adjusted EBITDA of ~$635 million[1]

Creates largest contract compression fleet with 4.3 million revenue-generating horsepower[2]

- 2.8 million horsepower in the Permian Basin
- 97% pro forma fleet utilization

Transaction expected to close on April 1st, 2024

Largest Fleet in North America

+ CSI = **4.3M** Revenue-Generating HP[2]

Largest Operator in Permian Basin

+ CSI = **~2.8M** Permian HP

Highest Utilization Among Peers

+ CSI = **96.5%** Utilization

[1] Assumes both companies' midpoint of 2024 guidance plus the expected annual run-rate cost synergies;
[2] Sum of Kodiak revenue-generating horsepower and CSI horsepower in service as of 12/31/23

Kodiak's Value Proposition

- Leading Market Position
- Industry Leader in Both Growth & Utilization
- Attractive Industry Fundamentals
- Strong and Stable Cash Returns

SUPPLEMENTAL SLIDES

Reconciliation of Non-GAAP Financial Measures

Gross Margin to Adjusted Gross Margin

(in thousands)	4Q 2022	4Q 2023
Total revenues	**$179,776**	**$225,980**
Cost of operations (exclusive of D&A)	(65,568)	(91,707)
Depreciation and amortization	(44,550)	(46,455)
Gross margin	**$69,658**	**$87,818**
Depreciation and amortization	44,550	46,455
Adjusted Gross Margin	**$114,208**	**$134,273**

Net Cash Provided by Operating Activities

(in thousands)	4Q 2022	4Q 2023
Net cash provided by operating activities	**$32,992**	**$62,627**
Maintenance capital expenditures	(20,542)	(8,934)
Transaction expenses[2]	770	4,288
Gain on sale of capital assets	(49)	(56)
Change in operating assets and liabilities	18,729	19,058
Other[3]	(829)	(6,456)
Discretionary Cash Flow	**$31,071**	**$70,527**
Growth capital expenditures	(49,791)	(60,472)
Proceeds from sale of capital assets	59	394
Free Cash Flow	**$(18,661)**	**$10,449**

Net Income to Adjusted EBITDA

(in thousands)	4Q 2022	4Q 2023
Net income	**$1,909**	**(6,874)**
Interest expense, net	61,251	40,484
Income tax expense	596	5,305
Depreciation and amortization	44,550	46,455
Loss on extinguishment of debt	-	-
(Gain) loss on derivatives	(6,144)	21,814
Equity compensation expense[1]	352	2,462
Transaction expenses[2]	770	4,288
Gain on sale of capital assets	(49)	(56)
Adjusted EBITDA	**$103,235**	**$113,878**

Net Income to DCF and FCF

(in thousands)	4Q 2022	4Q 2023
Net income	**$1,909**	**$(6,874)**
Depreciation and amortization	44,550	46,455
Change in fair value of derivatives	(687)	29,339
Deferred tax provision	494	1,551
Amortization of debt issuance costs	4,274	2,296
Equity compensation expense[1]	352	2,462
Transaction expenses[2]	770	4,288
Gain on sale of capital assets	(49)	(56)
Maintenance capital expenditures	(20,542)	(8,934)
Discretionary Cash Flow	**$31,071**	**$70,527**
Growth capital expenditures	(49,791)	(60,472)
Proceeds from sale of capital assets	59	394
Free Cash Flow	**$(18,661)**	**$10,449**

Source: Company filings; [1]For the three months ended December 31, 2023, there was $2.5 million of non-cash adjustments for equity compensation expense. For the three months ended December 31, 2022, there was no such adjustment; [2] Represents certain costs associated with non-recurring professional services, our equity owners' expenses and other costs; [3] Includes amortization of debt issuance costs, non-cash lease expense, provision for credit losses and inventory reserve

Reconciliation of Non-GAAP Financial Measures (cont'd)

KODIAK GAS SERVICES

Gross Margin to Adjusted Gross Margin

(in thousands)	2021	2022	2023
Total revenues	**$606,375**	**$707,913**	**$850,381**
Cost of operations (exclusive of D&A)	(210,177)	(267,351)	(350,871)
Depreciation and amortization	(160,045)	(174,463)	(182,869)
Gross margin	**$236,153**	**$266,099**	**$316,641**
Depreciation and amortization	160,045	174,463	182,869
Adjusted Gross Margin	**$396,198**	**$440,562**	**$449,570**

Net Cash Provided by Operating Activities to DCF & FCF

(in thousands)	2021	2022	2023
Net cash provided by operating activities	**$249,978**	**$219,846**	**$266,326**
Maintenance capital expenditures	(38,088)	(48,313)	(36,990)
Loss on extinguishment of debt	-	-	2,398
Transaction expenses[2]	1,351	2,370	6,001
Loss (gain) on sale of assets	426	(874)	(777)
Change in operating assets and liabilities	6,394	18,047	22,480
Other[4]	112	(2,529)	(11,289)
Discretionary Cash Flow	**$220,173**	**$188,547**	**$248,149**
Growth capital expenditures	(170,806)	(212,953)	(184,487)
Proceeds from sale of capital assets	13	8,082	1,449
Free Cash Flow	**$49,380**	**$(16,324)**	**$65,111**

Net Income to Adjusted EBITDA

(in thousands)	2021	2022	2023
Net Income	**$180,963**	**$106,265**	**$20,066**
Interest expense, net	107,293	165,867	222,514
Tax expense (benefit)	(58,573)	33,092	15,070
Depreciation and amortization	160,045	174,463	182,869
Loss on extinguishment of debt	-	-	6,757
Gain on derivatives	(40,827)	(83,116)	(20,266)
Equity compensation expense[1]	1,224	971	5,914
Transaction expenses[2]	1,351	2,370	6,001
Loss (gain) on sale of assets	426	(874)	(777)
Impairment of compression equipment[3]	9,107	-	-
Adjusted EBITDA	**$361,009**	**$399,038**	**$438,148**

Net Income to DCF & FCF

(in thousands)	2021	2022	2023
Net Income	**$180,963**	**$106,265**	**$20,066**
Depreciation and amortization	160,045	174,463	182,869
Change in fair value of derivatives	(40,827)	(87,363)	42,890
Loss on extinguishment of debt	-	-	6,757
Deferred tax provision (benefit)	(60,972)	27,301	7,863
Amortization of debt issuance costs	6,944	13,727	13,556
Equity compensation expense[1]	1,224	971	5,914
Transaction expenses[2]	1,351	2,370	6,001
Loss (gain) on sale of assets	426	(874)	(777)
Impairment of compression equipment[3]	9,107	-	-
Maintenance capital expenditures	(38,088)	(48,313)	(36,990)
Discretionary Cash Flow	**$220,173**	**$188,547**	**$248,149**
Growth capital expenditures	(170,806)	(212,953)	(184,487)
Proceeds from sale of capital assets	13	8,082	1,449
Free Cash Flow	**$49,380**	**$(16,324)**	**$65,111**

Source: Company filings; [1] For the years ended December 31, 2023, 2022 and 2021, there were $5.9 million, $1.0 million and $1.2 million, respectively, of non-cash adjustments for equity compensation expense related to the time-based vested shares; [2] Represents certain costs associated with non-recurring professional services, our equity owners' expenses and other costs; [3] Represents non-cash charges incurred to write down long-lived assets with recorded values that are not expected to be recovered through future cash flows; [4] Includes non-cash lease expense, provision for bad debt, inventory reserve and (gain) loss on sale of assets

Reconciliation of Non-GAAP Financial Measures (cont'd)

Gross Margin to Adjusted Gross Margin for Compression Operations

(in thousands)	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	**2Q 2023**	**3Q 2023**	**4Q 2023**
Total Revenues	**$131,616**	**$123,499**	**$128,355**	**$132,259**	**$137,445**	**$142,622**	**$148,595**	**$154,408**	**$157,495**	**$162,808**	**$163,662**	**$170,992**	**$177,697**	**$181,619**	**$186,673**	**$189,616**
Cost of Operations (excluding D&A)	(45,899)	(39,045)	(39,897)	(43,110)	(43,269)	(47,929)	(51,124)	(50,491)	(52,937)	(58,336)	(55,872)	(58,570)	(62,770)	(65,017)	(65,470)	(63,835)
Depreciation and Amortization	(32,751)	(38,147)	(37,567)	(37,167)	(38,049)	(39,126)	(40,789)	(42,081)	(42,405)	(43,397)	(44,111)	(44,550)	(44,897)	(45,430)	(46,087)	(46,455)
Gross Margin	**$52,966**	**$46,307**	**$50,891**	**$51,982**	**$56,127**	**$55,567**	**$56,682**	**$61,836**	**$62,153**	**$61,075**	**$63,679**	**$67,872**	**$70,030**	**$71,172**	**$75,116**	**$79,326**
Depreciation and Amortization	32,751	38,147	37,567	37,167	38,049	39,126	40,789	42,081	42,405	43,397	44,111	44,550	44,897	45,430	46,087	46,455
Adjusted Gross Margin	**$85,717**	**$84,454**	**$88,458**	**$89,149**	**$94,176**	**$94,693**	**$97,471**	**$103,917**	**$104,558**	**$104,472**	**$107,790**	**$112,422**	**$114,927**	**$116,602**	**$121,203**	**$125,781**
Adjusted Gross Margin %	**65.1%**	**68.4%**	**68.9%**	**67.4%**	**68.5%**	**66.4%**	**65.6%**	**67.3%**	**66.4%**	**64.2%**	**65.9%**	**65.7%**	**64.7%**	**64.2%**	**64.9%**	**66.3%**

Source: Kodiak management

THANK YOU!

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