



FLOTEK

3rd Quarter 2024
Earnings Presentation
November 5, 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 most comparable GAAP measure.

Flotek Industries

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CHEMISTRY AS A COMMON VALUE CREATION PLATFORM



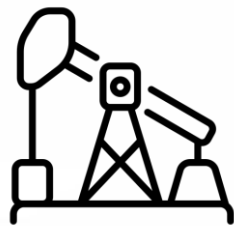
**8 Consecutive Quarters
of Improved Adj. EBITDA***



**Value Creation through
Chemistry & Data**



**Data Analytics
Technology with High ROI**



**Long-term 'Take or Pay'
Contract Insulates Risk**



**Strong Balance Sheet
with Low Debt**



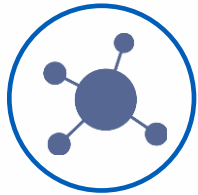
**Tangible Environmental,
Health, & Safety Impacts**

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

Complementary Segments Drive Growth

CHEMISTRY AS A COMMON VALUE CREATION PLATFORM

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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

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

3Q 2024 Results:

– Gross Profit Margin:	18%
– Net Income (\$MM):	\$2.5
– Adj. EBITDA* (\$MM):	\$4.8
– Adj. EBITDA Margin:	10%
– Debt to Adj. EBITDA* (TTM**)	0.1X

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

** Trailing Twelve Months

3Q 2024 Highlights

IMPROVED PROFIT AND REVENUE WITH LOWER NORTH AMERICAN FRAC FLEET COUNT

- Delivered year-over-year Improvements:

Revenue:	↑	5%
SG&A:	↓	12%
Net income:	↑	97%
Adj. EBITDA*:	↑	43%

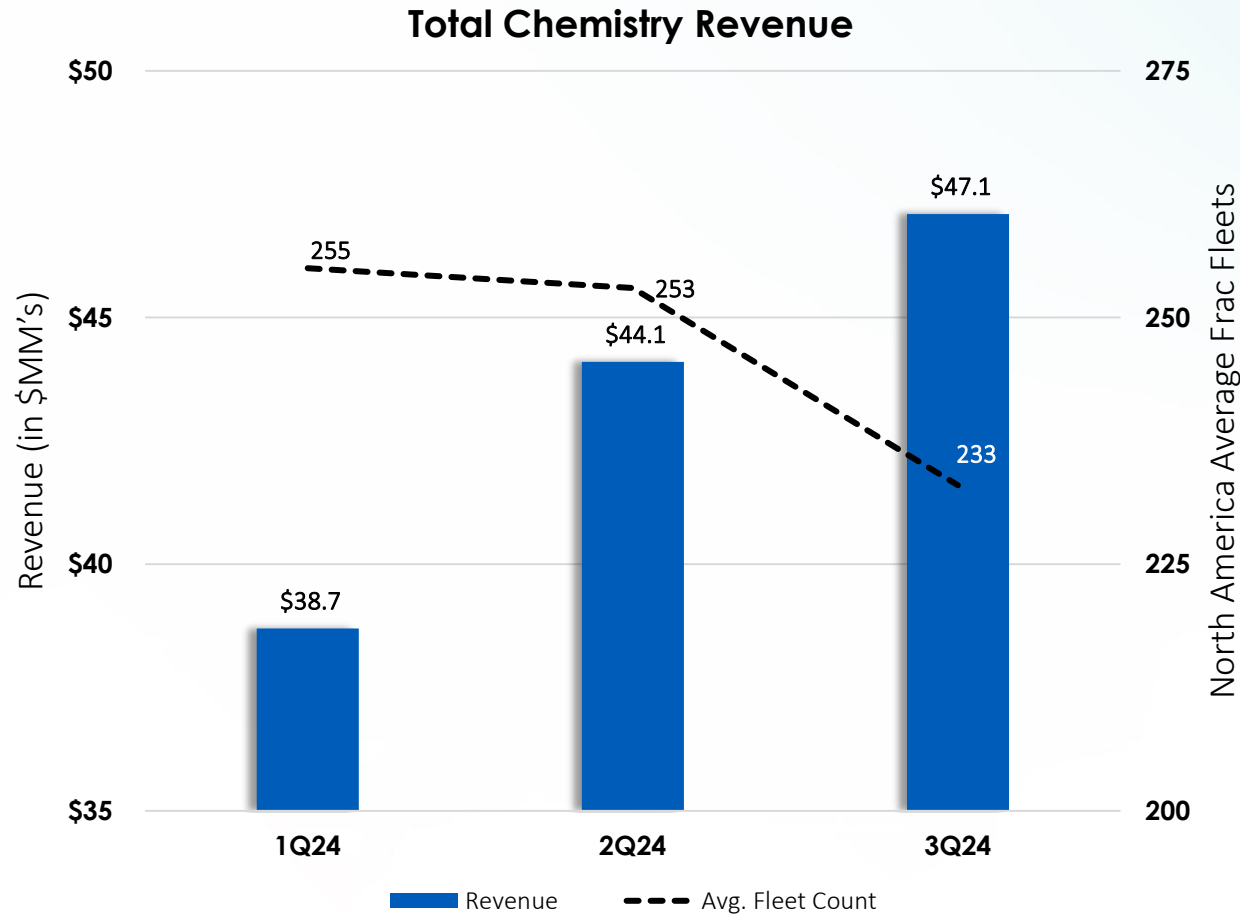
- Increased FY24 adj. EBITDA** guidance range to \$16.5MM to \$18.5MM
 - Mid-point of new guidance represents a 35% increase from mid-point of original guidance
- SG&A continues to trend down with lower personnel costs and professional fees
- Borrowings outstanding under ABL reduced by 75% during 3Q24
 - Debt to TTM adj. EBITDA* falls below 0.1X at 9/30/24
- Initial sales related to flare monitoring made up 25% of 3Q24 Data Analytics ("DA") revenues, of which 86% closed in September

* Adjusted EBITDA is a non-GAAP measure. See the Appendix in this presentation for a reconciliation to the most comparable 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, including, among other items, the future amortization of our contract assets, certain stock-based compensation costs and the impact of the revaluation of certain liabilities, which is based upon our future stock price. These items do not impact the non-GAAP financial measure.

Chemistry Growth in a Contracting Market

CHEMISTRY SEGMENT CONTINUES TO GAIN MARKET SHARE

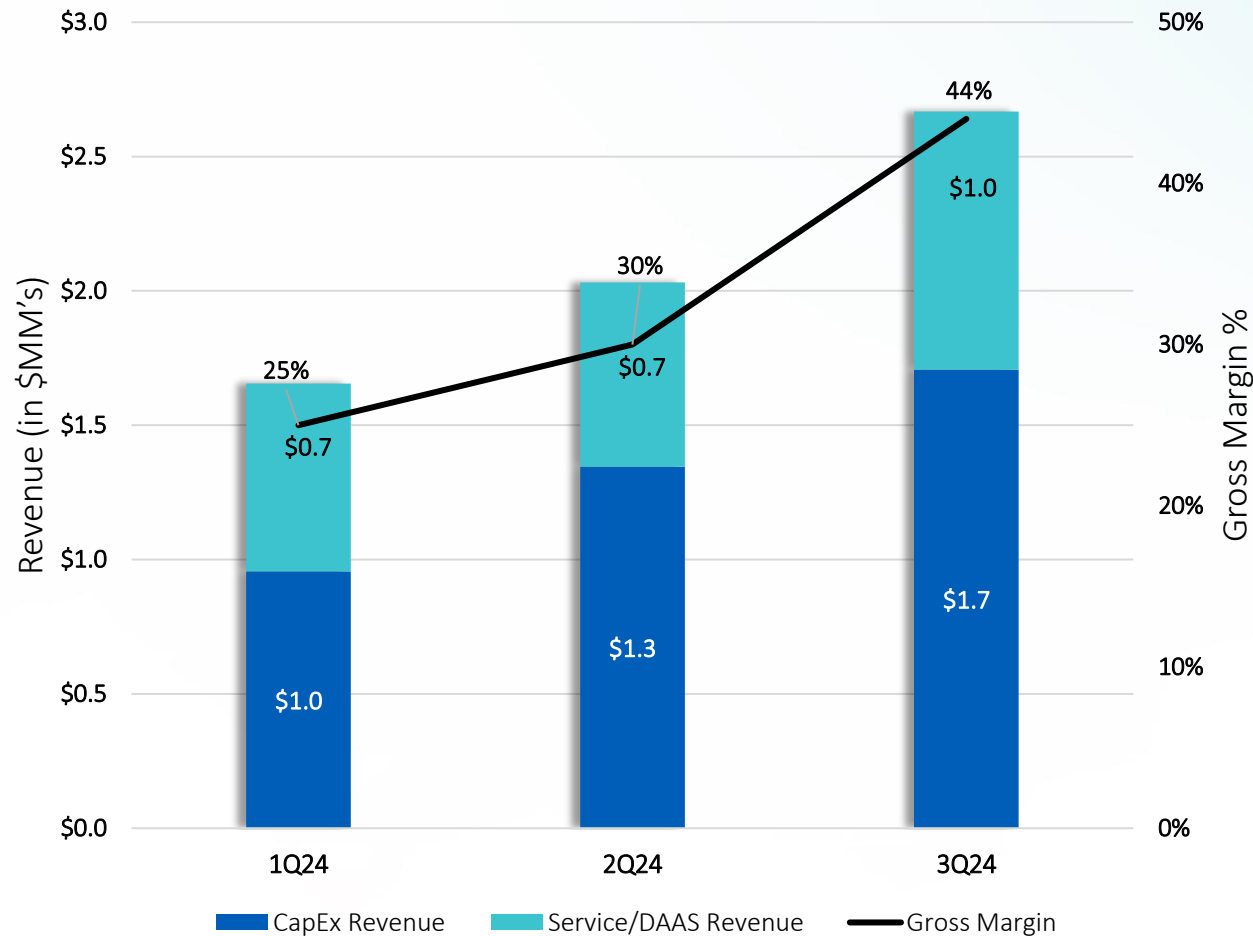


- Chemistry revenues up 7% sequentially with North America Active frac fleet counts down 8%
- Related party chemistry revenues up 19% during 3Q24
- External chemistry revenues up 3% through the first nine months of 2024 vs 2023 period

-All Frac Fleet data is derived from AOGRA avgs.

Data Analytics Revenue Growth

JP3 VERACAL FLARE APPLICATION BOLSTERS DATA ANALYTICS REVENUE IN 3Q24

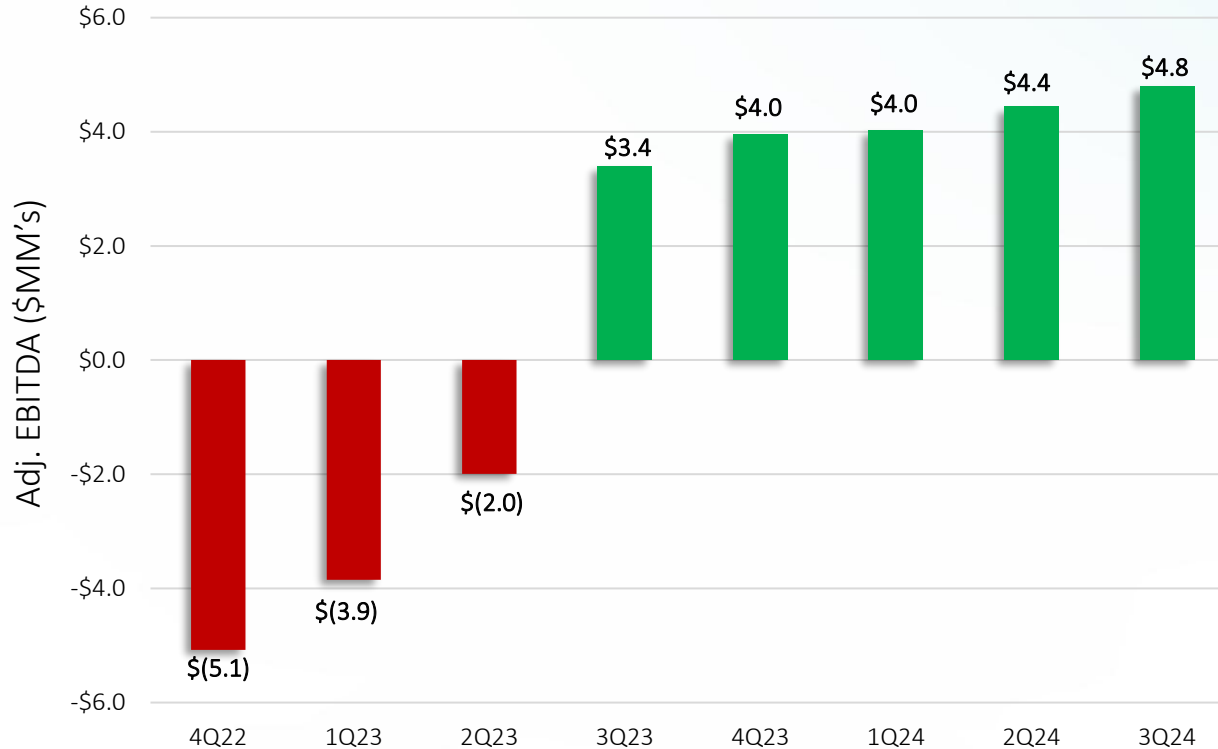


- DA segment generated \$1.2MM in gross profit during 3Q24, an 88% increase from 2Q24
- 25% of 3Q24 segment revenues were from the new JP3 flare monitoring solutions
- As of September 30th, the Company had completed 15 flare tests

Financial Momentum Continues

TREND OF PROFITABILITY IMPROVEMENT REACHES 8 CONSECUTIVE QUARTERS

Quarterly Adjusted EBITDA* Growth



TTM	3Q23	3Q24	Growth
Gross Profit:	\$ 12.8 MM	\$ 36.5 MM	\$ 23.7 MM
SG&A:	\$ 27.5 MM	\$ 24.6 MM	(\$ 2.9 MM)
Net Income:	\$ 3.6 MM	\$ 8.2 MM	\$ 4.6 MM
Adj. EBITDA*:	(\$7.5 MM)	\$ 17.3 MM	\$ 24.8 MM

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

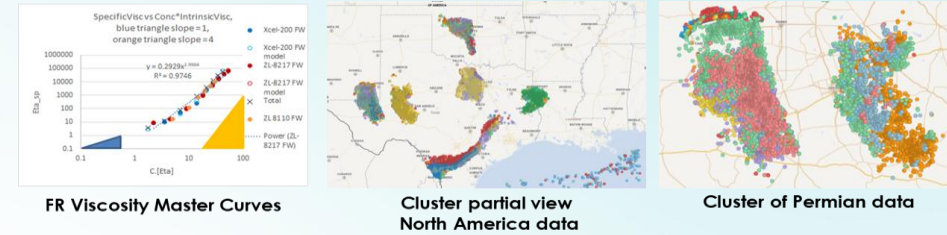
Chemistry Technologies: Competitive Advantage

DELIVERING THE BEST UPLIFT PERFORMANCE IN INDUSTRY

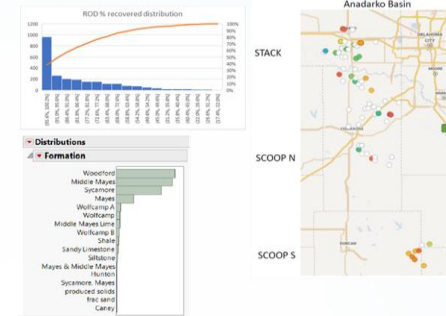
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- **Prescriptive Chemistry Management (PCM)TM**
 - **Proprietary** energy chemistry solutions
 - **Experienced** chemistry energy team
 - **Customized** solutions to each well's geology
- Leveraging Data and Advanced Testing to enable **predictive chemistry solutions**
- Leveraging over **170 active patents** to design the best chemistry for each well
- Strong well performance with **75,000 BOE uplift** versus competition

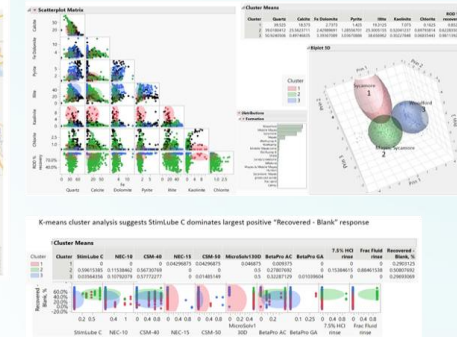
DATA SUPPORTED GEOCENTRIC CHEMISTRY MODELING



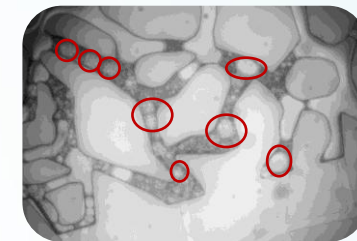
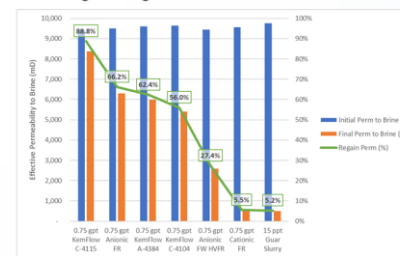
Clay Control Analysis:



Formation and Product Alignment:



FR Damage Testing:



Advanced reservoir simulation analysis

Data Analytics: VeraCal Flare Solution

INITIAL PENETRATION INTO SIGNIFICANT UPSTREAM APPLICATIONS

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EPA Approval on Flaring Measurement Application

- Expected to unlock an estimated \$220 million oil & gas upstream TAM* annually
- First EPA approved alternative measurement solution
- 15 tests performed in 3Q24



Our Flare Measurement System is Differentiated

- Continuous and autonomous monitoring
- No consumable calibration gas
- No manual sampling errors
- Fast install and extreme durability

Customer Emission Savings via EPA Subpart-W

- 4-6% additional savings in emission penalties
- Gain 3-4% in production before Super Emitter Status



Pictured above: The proprietary VeraCal mobile flaring cart on location



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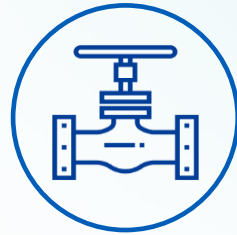


Appendix

Data Analytics: “Measure More Strategy”

UTILIZING TECHNOLOGIES FOR EXPANSION INTO NEW MARKETS

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Upstream

- **Flare monitoring:** comply with EPA regulations
- **Custody Transfer:** improves accuracy of payments to royalty owners and operators
- **Power Generation:** facilitate field gas utilization in powering rigs and frac fleets

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

- **Process Controls:** real-time measurement to optimize distillation tower efficiency
- **Chemicals:** quality measurement in pipelines and terminals

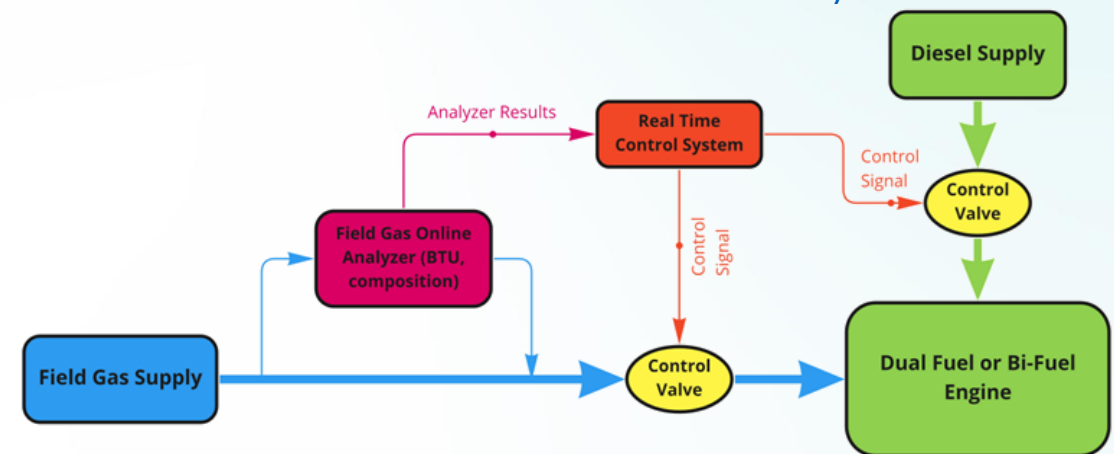
Data Analytics: Upstream Field Gas Usage

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



Recent Financials

Unaudited Condensed Consolidated Statement of Operations (in thousands)

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	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2024	2023	2024	2023	2024	2023
Revenue:						
Revenue from external customers	\$ 16,565	\$ 17,806	\$ 47,935	\$ 47,278	\$ 67,175	\$ 63,210
Revenue from related party	33,177	29,462	88,332	98,592	111,280	130,878
Total revenues	49,742	47,268	136,267	145,870	178,455	194,088
Cost of goods sold	40,623	38,221	109,159	131,037	141,917	181,329
Gross profit	9,119	9,047	27,108	14,833	36,538	12,759
Operating costs and expenses:						
Selling, general, and administrative	5,714	6,526	18,056	21,303	24,626	27,469
Depreciation	220	181	662	530	866	710
Research and development	462	757	1,349	2,231	1,604	3,154
Severance costs	—	2	23	(28)	5	(415)
Gain on sale of property and equipment	—	(38)	(34)	(38)	(34)	(1,038)
Gain in fair value of Contract Consideration Convertible Notes Payable	—	—	—	(29,969)	—	(21,028)
Total operating costs and expenses	6,396	7,428	20,056	(5,971)	27,067	8,852
Income from operations	2,723	1,619	7,052	20,804	9,471	3,907
Other income (expense):						
Paycheck protection plan loan forgiveness	—	—	—	4,522	—	4,522
Interest expense	(256)	(160)	(842)	(2,537)	(1,162)	(5,002)
Other income, net	102	(91)	151	(82)	207	130
Total other income (expense)	(154)	(251)	(691)	1,903	(955)	(350)
Income before income taxes	2,569	1,368	6,361	22,707	8,516	3,557
Income tax expense	(37)	(81)	(293)	(98)	(344)	25
Net income	\$ 2,532	\$ 1,287	\$ 6,068	\$ 22,609	\$ 8,172	\$ 3,582

Recent Financials

Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share data)

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	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,997	\$ 5,851
Restricted cash	101	102
Accounts receivable, net of allowance for credit losses of \$388 and \$745 at September 30, 2024 and December 31, 2023, respectively	12,220	13,687
Accounts receivable, related party, net of allowance for credit losses of \$0 at each of September 30, 2024 and December 31, 2023, respectively	47,064	34,569
Inventories, net	12,744	12,838
Other current assets	2,687	3,564
Current contract asset	6,480	5,836
Total current assets	86,293	76,447
Long-term contract asset	63,835	68,820
Property and equipment, net	4,958	5,129
Operating lease right-of-use assets	3,759	5,030
Deferred tax assets, net	66	300
Other long-term assets	1,738	1,787
TOTAL ASSETS	\$ 160,649	\$ 157,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 37,395	\$ 31,705
Accrued liabilities	4,115	5,890
Income taxes payable	54	45
Current portion of operating lease liabilities	1,642	2,449
Current portion of finance lease liabilities	—	22
Asset-based loan	1,426	7,492
Current portion of long-term debt	104	179
Total current liabilities	44,736	47,782
Deferred revenue, long-term	35	35
Long-term operating lease liabilities	6,871	7,676
Long-term debt	—	60
TOTAL LIABILITIES	51,642	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; 30,891,597 shares issued and 29,789,476 shares outstanding at September 30, 2024; 30,772,837 shares issued and 29,664,130 shares outstanding at December 31, 2023	3	3
Additional paid-in capital	464,143	463,140
Accumulated other comprehensive income	133	127
Accumulated deficit	(320,738)	(326,806)
Treasury stock, at cost; 1,102,121 and 1,108,707 shares at September 30, 2024 and December 31, 2023, respectively	(34,534)	(34,504)
Total stockholders' equity	109,007	101,960
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 160,649	\$ 157,513

Recent Financials

Unaudited Condensed Consolidated Statements of Cash Flows (in thousands)

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	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 6,068	\$ 22,609
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in fair value of contingent consideration	(46)	(384)
Change in fair value of Contract Consideration Convertible Notes Payable	—	(29,969)
Amortization of convertible note issuance costs	—	83
Payment-in-kind interest expense	—	2,284
Amortization of contract asset	4,341	3,665
Depreciation	662	530
Amortization of asset-based loan origination costs	243	36
Provision for credit losses, net of recoveries	121	97
Provision for excess and obsolete inventory	626	626
Gain on sale of property and equipment	(34)	(38)
Non-cash lease expense	1,661	2,316
Stock compensation expense	915	(565)
Deferred income tax expense	233	50
Paycheck protection plan loan forgiveness	—	(4,522)
Changes in current assets and liabilities:		
Accounts receivable	1,346	3,472
Accounts receivable, related party	(12,495)	(2,082)
Inventories	(532)	(776)
Other assets	849	(863)
Accounts payable	5,690	60
Accrued liabilities	(1,730)	(3,179)
Operating lease liabilities	(2,002)	(2,636)
Income taxes payable	9	(54)
Interest payable	—	(8)
Net cash provided by (used in) operating activities	5,925	(9,248)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from investing activities:		
Capital expenditures	(491)	(593)
Proceeds from sale of assets	34	68
Net cash used in investing activities	(457)	(525)
Cash flows from financing activities:		
Payment for forfeited stock options	—	(617)
Payments on long term debt	(135)	(104)
Proceeds from asset-based loan	122,600	27,750
Payments on asset-based loan	(128,666)	(24,380)
Payment for asset-based loan origination costs	(164)	(502)
Payments to tax authorities for shares withheld from employees	(30)	(246)
Proceeds from issuance of stock	88	48
Payments for finance leases	(22)	(24)
Net cash (used in) provided by financing activities	(6,329)	1,925
Effect of changes in exchange rates on cash and cash equivalents	6	13
Net change in cash and cash equivalents and restricted cash	(855)	(7,835)
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	5,953	12,390
Cash and cash equivalents at end of period	4,997	4,453
Restricted cash at the end of period	101	102
Cash and cash equivalents and restricted cash at end of period	\$ 5,098	\$ 4,555

Recent Financials

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

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	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2024	2023	2024	2023	2024	2023
Gross profit	\$ 9,119	\$ 9,047	\$ 27,108	\$ 14,833	\$ 36,538	\$ 12,759
Stock compensation expense	3	2	9	(135)	12	(459)
Severance and retirement	—	—	9	26	12	18
Contingent liability revaluation	(19)	(61)	(46)	(384)	(189)	(331)
Sanitizer inventory write down	—	—	—	—	—	1,036
Amortization of contract asset	1,592	1,276	4,341	3,665	5,709	5,050
Adjusted Gross profit (Non-GAAP)⁽¹⁾	\$ 10,695	\$ 10,264	\$ 31,421	\$ 18,005	\$ 42,082	\$ 18,073
Net income (loss)	\$ 2,532	\$ 1,287	\$ 6,068	\$ 22,609	\$ 8,172	\$ 3,582
Interest expense	256	160	842	2,537	1,162	5,002
Income tax expense	37	81	293	98	344	(25)
Depreciation and amortization	220	181	662	530	866	710
EBITDA (Non-GAAP)⁽¹⁾	\$ 3,045	\$ 1,709	\$ 7,865	\$ 25,774	\$ 10,544	\$ 9,269
Stock compensation expense	272	268	915	(574)	1,221	488
Severance and retirement	—	2	32	(28)	43	(28)
Contingent liability revaluation	(19)	(61)	(46)	(384)	(189)	(303)
Gain on disposal of asset	—	(38)	(34)	(38)	(34)	(1,038)
PPP loan forgiveness	—	—	—	(4,522)	—	(4,522)
Contract Consideration Convertible Notes Payable revaluation adjustment	—	—	—	(29,969)	—	(21,028)
Amortization of contract asset	1,592	1,276	4,341	3,665	5,709	5,050
Non-Recurring professional fees	(50)	236	230	3,612	(39)	4,567
Adjusted EBITDA (Non-GAAP)⁽¹⁾	\$ 4,840	\$ 3,392	\$ 13,303	\$ (2,464)	\$ 17,255	\$ (7,545)

(1) Management believes that adjusted gross profit, EBITDA and adjusted EBITDA for the periods presented above, 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.