



FLOTEK

Investor Presentation
August 19, 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 our most recent earnings press release and the appendix in this presentation for the most comparable GAAP measure.

Flotek Industries

UNLOCKING DATA & CHEMISTRY IN ENERGY

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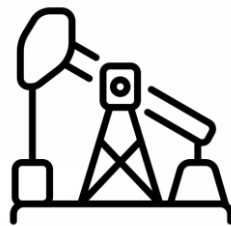
**7 Consecutive Quarters
of Improved Adj. EBITDA***



**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

2Q 2024 Results:

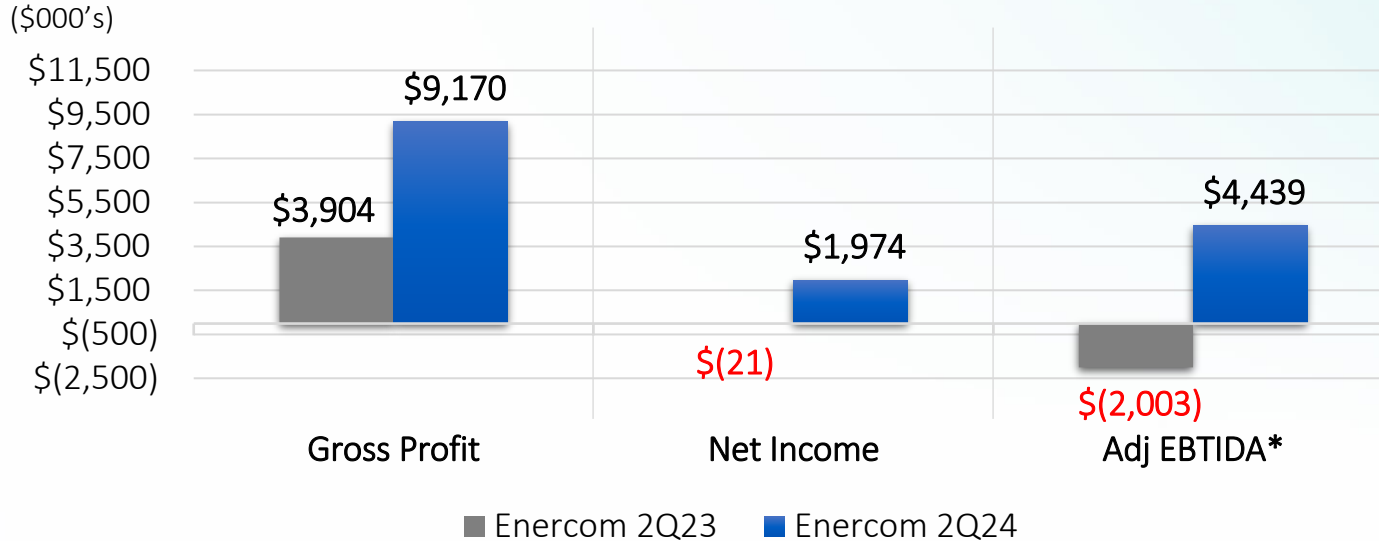
– Gross Profit Margin:	20%
– Net Income (\$MM):	\$2.0
– Adj. EBITDA* (\$MM):	\$4.4
– Adj. EBITDA Margin:	10%
– Debt to Adj. EBITDA*(TTM**)	0.4x

* 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

Quarterly Progress Since Enercom 2023

IMPROVED PROFITABILITY WITH LOWER INDUSTRY FLEET COUNTS



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

- 2Q24 Gross Profit Margin Up 150% From 2Q23
- Midpoint Of FY24 Adj. EBITDA Guidance** Recently Raised 23% To \$16MM
- Received EPA Approval On Data Analytics Flare Technology
- Increased Asset Based Loan Commitment 45% To \$20MM

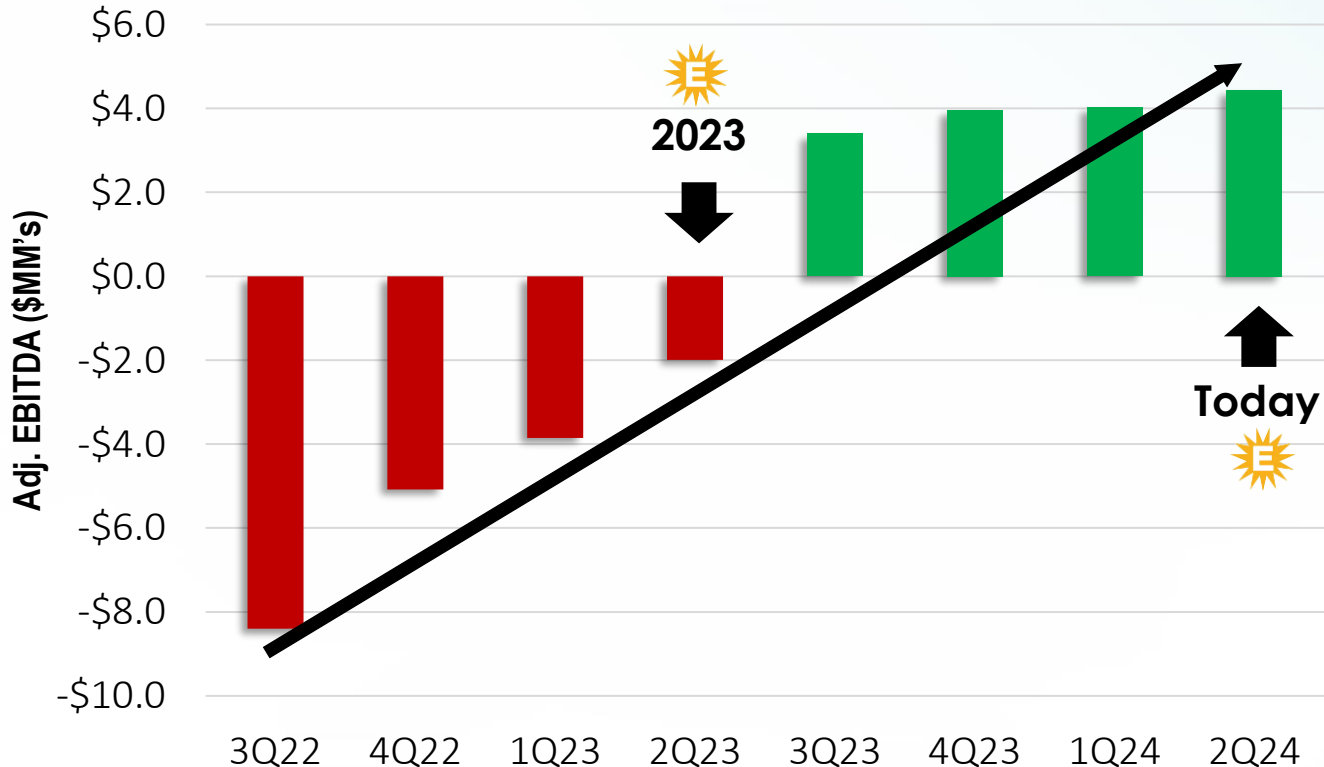
* Adjusted EBITDA is a non-GAAP measure. See the Appendix in this presentation for a reconciliation to the most comparable GAAP measure

** 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

Strategic Execution Drives Results

\$35 MILLION YEAR OVER YEAR IMPROVEMENT IN ADJUSTED EBITDA*

Quarterly Adjusted EBITDA*



TTM Comparison: **ENERCOMDENVER**

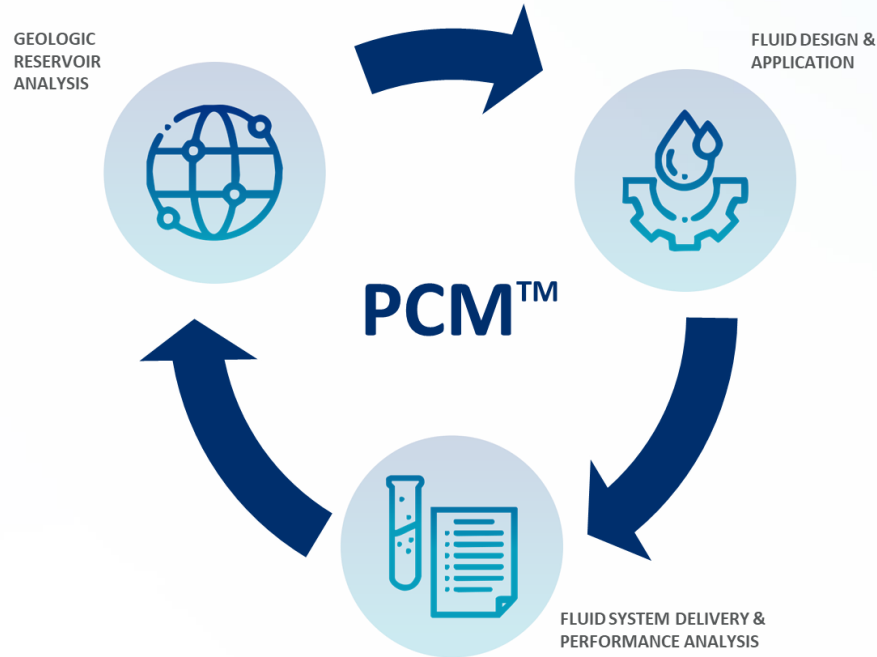
	<u>2Q23</u>	<u>2Q24</u>
Gross Profit:	\$ 1.9MM	\$ 36.5MM
SG&A:	\$ 29.6MM	\$25.4MM
Net Income:	\$ (16.5MM)	\$ 6.9MM
Adj. EBITDA*:	\$ (19.3MM)	\$ 15.8MM

* 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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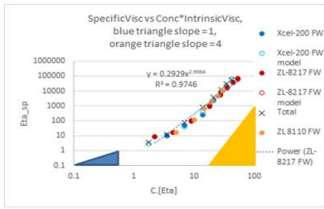
- **Prescriptive Chemistry Management (PCM)™**
 - **Proprietary** energy chemistry solutions
 - **Experienced** chemistry energy team
 - **Customized** solutions to each well's geology
- **AI Driven Analytics** from >20,000 wells
- **Field Correlated Diagnostics**
- **+170 Patents**

26% INCREASE IN UPLIFT* PERFORMANCE VERSUS COMPETITION

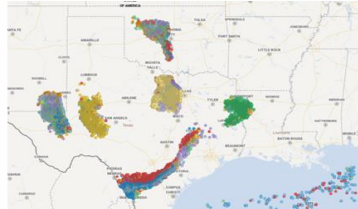
* Data derived from 2019-2023 Enverus Prism Platform (1,878 Permian wells)

Unlocking Value Through Chemistry & Data

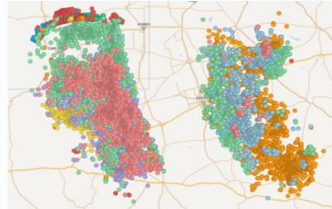
DATA SUPPORTED GEOCENTRIC CHEMISTRY MODELING



FR Viscosity Master Curves

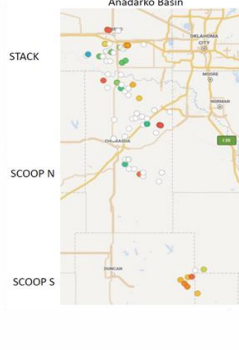
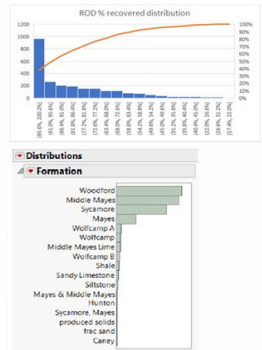


Cluster partial view
North America data

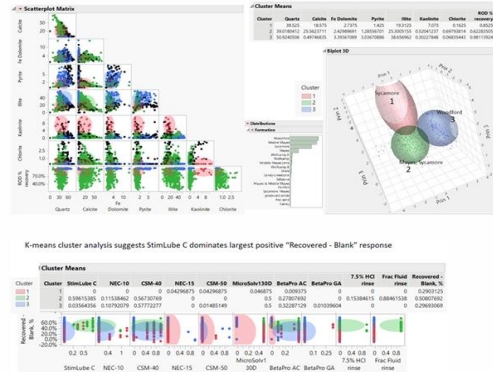


Cluster of Permian data

Clay Control Analysis:



Formation and Product Alignment:



K-means cluster analysis suggests Stimulube C dominates largest positive "Recovered - Blank" response

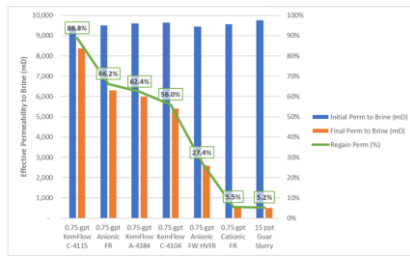
Data Analytics/Physics Based Modeling on >20k Wells

- +10 years Field Completion Data
- Reservoir Similarities and Physicochemical Properties
- Production Uplift Curve Analysis
- Basin Water and Frac Water Properties

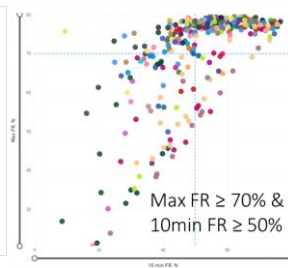
A Decade of Data with Predictive Models

- Polymer Viscosity & Friction Reduction Predictions
- Clay Stabilization Analytics
- Scale Inhibitor Database
- Formation Damage Mechanism Identification

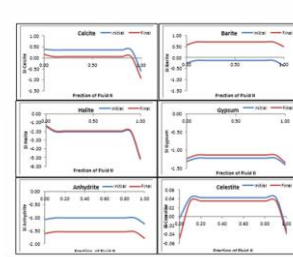
FR Damage Testing:



FR Database:



Scale Database:



Aligning Support with Vendors and Customers

- Leverage vendor data where applicable
- Utilize databases to streamline analytical procedures

Customer Case Study: Large Water Cuts

PRESCRIPTIVE CHEMISTRY MANAGEMENT IN ACTION

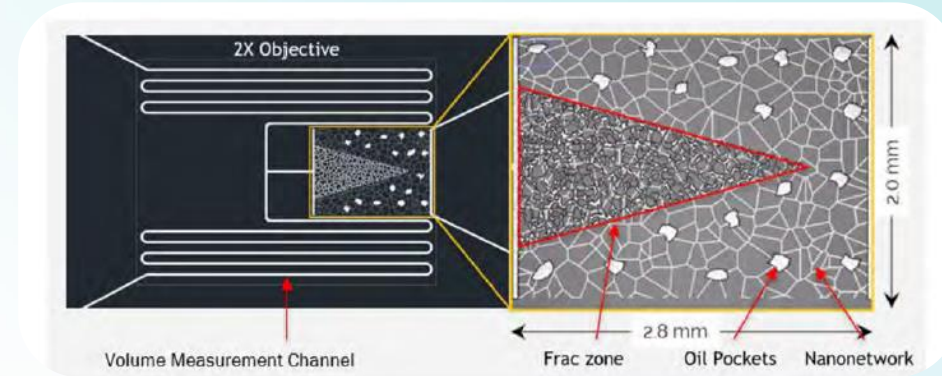
Customer Challenge:

Higher water flowback with a steeper production decline curve

Approach:

Application of Prescriptive Chemistry Analytics:

- Comparing reservoir properties (temperature, pressure, composition, location)
- Complete connate and frac water analysis
- Advanced product physicochemical analysis
- Field correlated microfluidic testing



Emulsification Blockage

Customer Case Study: Large Water Cuts

PRESCRIPTIVE CHEMISTRY MANAGEMENT IN ACTION

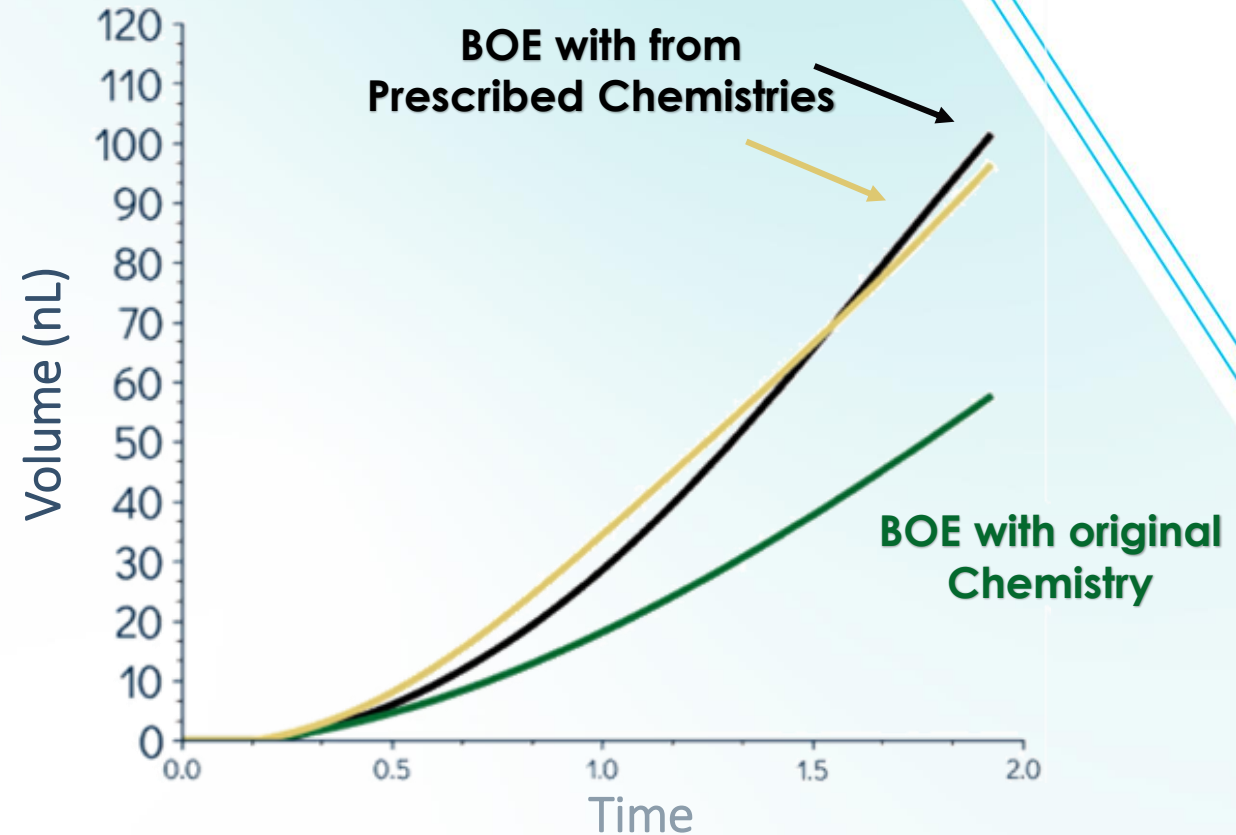
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Results:

Advanced Chemistry Analytics Identified a small molecule interaction under temperature and pressure resulting in emulsification damage.

Summary:

- Frac Formulation change removing destabilizing additive
- Returning BOE to expected performance
- Resulted in a More Cost-Effective Product
- Rapid Field Correlated Results

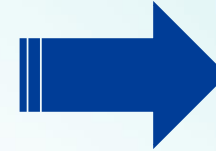
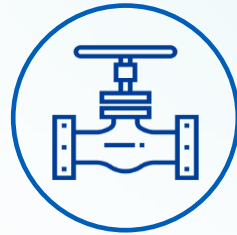
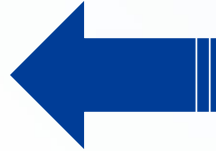


ADVANCED CHEMISTRY AND DATA ANALYTICS PROVIDE VALUE-BASED SOLUTIONS.

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 - Flare

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
- We have received orders on >50 flare sites for 2H24



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

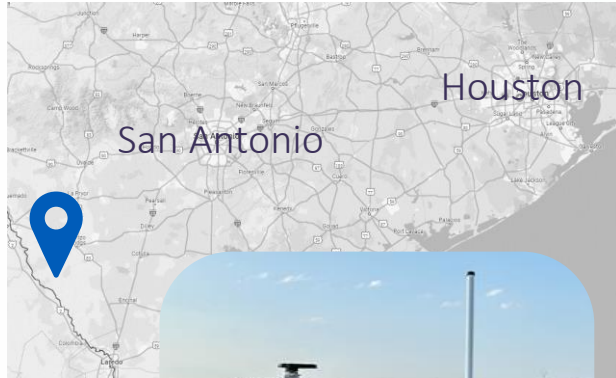
- 4-6% additional savings in emission penalties
- Gain 3-4% in production before Super Emitter Status

Pictured above: The proprietary VeraCal mobile flaring cart on different locations

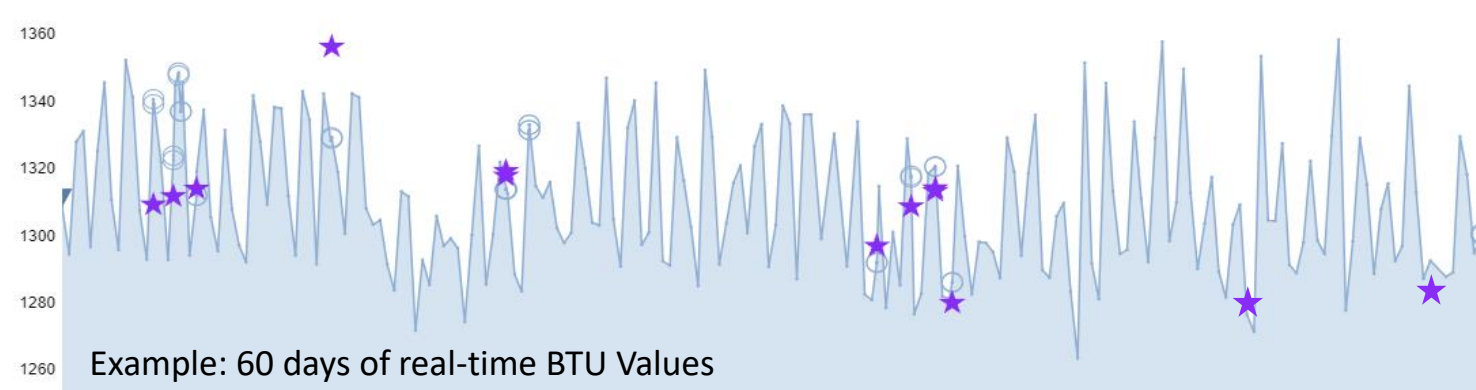
Data Analytics: Upstream – Custody Transfer

INITIAL PENETRATION INTO SIGNIFICANT UPSTREAM APPLICATIONS

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No Shelter, No Calibration Gas,
Remotely/Continuously Monitored



★ GC Spot Sample Lab Test

We tested against Traditional Gas Chromatography (GC)

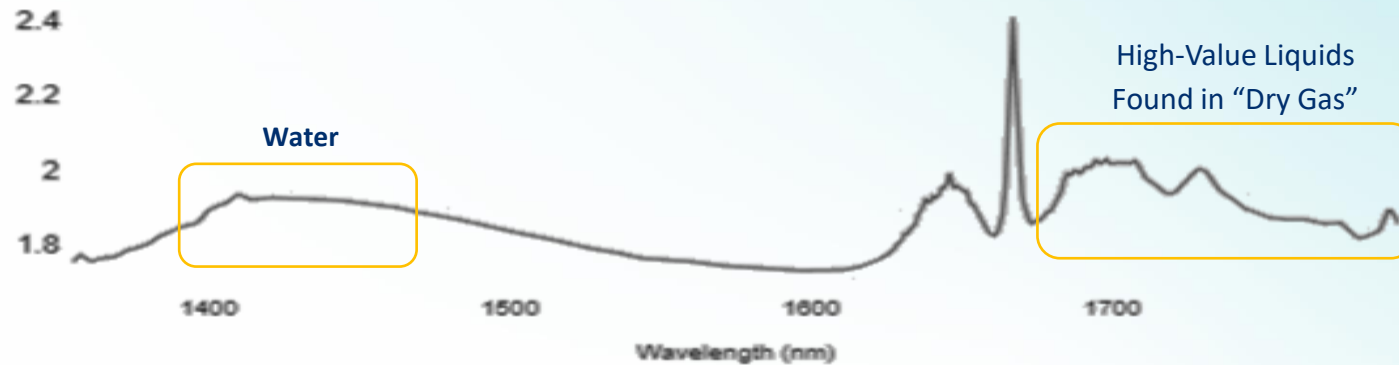
- **Zero GC Samples matched** the 60-day Average Gas BTU Value
- **20-25%** swings in “Associated Gas” BTU value
- **16% Variances** within manual sampling processes

+/- \$4.4MM* ANNUAL PROCEEDS IMPACT

Liquids In “Dry Associated Gas”

\$1.4MM* IN POTENTIAL ASSOCIATED GAS PROCEEDS

Typical Spectral Response for Associated Gas During Trial



Liquids In “Dry Associated Gas” Line



- Associated gas is “assumed” to be dry gas
- GCs remove any liquids prior to measurement
- Operators and mineral owners are not being compensated for “carry-over” products

*\$2.50 \$/mmBTU @ 15mmscf/D

Comingling & Valuation Legal Risk

Location: Eagle Ford Shale in South Texas.

Background: E&P Operator, was involved in a significant class action lawsuit concerning the **underpayment of royalties** to over 2,700 royalty owners.

Basis of Legal Allegations:

- 1. Improper Allocation:** improperly allocated production volumes and used a volumetric method for allocating net sales from commingled production.
- 2. Failure to Meet Lease Terms:** which required accurate reporting and payment based on actual production volumes

Settlement: In 2021, a federal judge approved a **\$24 million** cash settlement for the affected royalty owners.

Transparency with Real Time Data

DIGITAL SAMPLING MITIGATES RISK AND HEIGHTENS TRANSPARENCY

Liquids in "Dry Associated Gas"
Annualized BTU Swings
Sampling Errors
Volume and Mass Flow Error

Potential Error	Risk @4MMscf/d	Industry* Total Risk
8%	\$373K	\$15B
25%	\$453K	\$49B
20%	\$933K	\$39B
7%	\$346K	\$14B

**EIA reports 75,000+ active gathering sites producing more than 1MMscf/d; controlling \$200B USD in annual production*

>\$100 Billion Total Industry Risk

Real-Time Digital Sampling costs \$40K to \$80K per year



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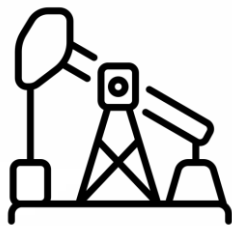
**7 Consecutive Quarters
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**Long-term 'Take or Pay'
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**Tangible Environmental,
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Come Join Us:

September 4th - 5th 2024 at **Gateway Conference**

Speaker: Ryan Ezell

Four-Seasons San Francisco, CA

September 12th at **Invest: Houston Launch Conference**

JW Marriott: Galleria

Houston, TX

September 23rd-24th at **SPE Annual Technical Conference Expo**

Ernest N. Morial Convention Center

New Orleans, LA



Appendix

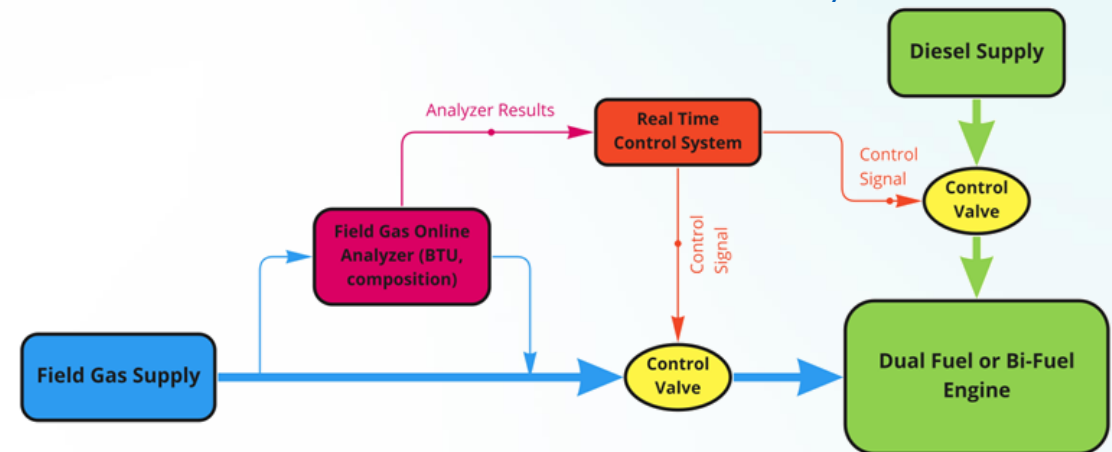
Data Analytics: Upstream Power Generation

INITIAL PENETRATION INTO SIGNIFICANT UPSTREAM APPLICATIONS

- 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



JP3 Verax vs. Gas Chromatograph

Technology	JP3 Verax	Gas Chromatograph
Technology	NIR Optical laser measurement	Physical separation via carrier gases and columns with thermal detector
Response Time	15 seconds per stream	4-15+ minutes per stream
Sample System	None	Filters, pressure regulators, Chiller, etc.
Waste Stream	None	Low pressure sample stream should be flared
Consumables	None	Columns, valve rebuild kits, carrier gas, calibration gas, detectors, filters, pumps
Multi Stream	Up to 8 stream per analyzer. Maximum cycle for all measurements is 15-120 seconds	Up to four streams. Maximum cycle for all measurements is 40-60 minutes
Measurement Phase	Gases or Liquids, no vaporization required	Gases or Liquids, vaporization required
Multi Component Analysis	Yes, speciation and physical properties	Yes, speciation and properties by calculation
Analyzer shelter	None required except shade from direct sun	Depending on unit, full air-conditioned analyzer shelter may be required

Recent Financials

Unaudited Condensed Consolidated Statement of Operations (in thousands, except share data)

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	Three months ended June 30,		Six months ended June 30,		Twelve months ended June 30,	
	2024	2023	2024	2023	2024	2023
Revenue:						
Revenue from external customers	\$ 18,191	\$ 17,820	\$ 31,371	\$ 29,472	\$ 68,417	\$ 60,610
Revenue from related party	27,961	32,774	55,155	69,130	107,565	131,832
Total revenues	46,152	50,594	86,526	98,602	175,982	192,442
Cost of sales	36,982	46,690	68,535	92,817	139,513	190,573
Gross profit	9,170	3,904	17,991	5,785	36,469	1,869
Operating costs and expenses:						
Selling, general, and administrative	6,259	8,351	12,342	14,803	25,412	29,617
Depreciation	222	174	442	349	827	706
Research and development	481	860	888	1,474	1,900	3,382
Severance costs	20	(2,279)	23	(56)	33	(56)
Gain on sale of property and equipment	(34)	—	(34)	—	(72)	(1,010)
Gain in fair value of Contract Consideration Convertible Notes Payable	—	(3,874)	—	(29,969)	—	(16,778)
Total operating costs and expenses	6,948	3,232	13,661	(13,399)	28,100	15,861
Income from operations	2,222	672	4,330	19,184	8,369	(13,992)
Other income (expense):						
Paycheck protection plan loan forgiveness	—	—	—	4,522	—	4,522
Interest expense	(308)	(705)	(586)	(2,377)	(1,066)	(7,163)
Other income, net	75	19	49	9	14	34
Total other income (expense)	(233)	(686)	(537)	2,154	(1,052)	(2,607)
Income (loss) before income taxes	1,989	(14)	3,793	21,338	7,317	(16,599)
Income tax expense	(15)	(7)	(257)	(16)	(390)	100
Net income (loss)	\$ 1,974	\$ (21)	\$ 3,536	\$ 21,322	\$ 6,927	\$ (16,499)

Recent Financials

Unaudited Condensed Consolidated Statement of Operations
(in thousands, except share data)

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	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Income (loss) per common share (As adjusted, see Note 14):				
Basic	\$ 0.07	\$ —	\$ 0.12	\$ 1.06
Diluted	\$ 0.06	\$ (0.11)	\$ 0.12	\$ (0.23)
Weighted average common shares (As adjusted, see Note 14):				
Weighted average common shares used in computing basic income (loss) per common share	29,449	23,906	29,440	20,207
Weighted average common shares used in computing diluted income (loss) per common share	30,668	28,250	30,512	27,361

Recent Financials

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

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	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,777	\$ 5,851
Restricted cash	101	102
Accounts receivable, net of allowance for credit losses of \$410 and \$745 at June 30, 2024 and December 31, 2023, respectively	13,316	13,687
Accounts receivable, related party, net of allowance for credit losses of \$0 at each June 30, 2024 and December 31, 2023, respectively	40,049	34,569
Inventories, net	12,142	12,838
Other current assets	2,834	3,564
Current contract asset	5,786	5,836
Total current assets	79,005	76,447
Long-term contract assets	66,121	68,820
Property and equipment, net	4,987	5,129
Operating lease right-of-use assets	4,184	5,030
Deferred tax assets, net	84	300
Other long-term assets	1,659	1,787
TOTAL ASSETS	\$ 156,040	\$ 157,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 31,755	\$ 31,705
Accrued liabilities	3,026	5,890
Income taxes payable	35	45
Current portion of operating lease liabilities	1,866	2,449
Current portion of finance lease liabilities	3	22
Asset-based loan	5,798	7,492
Current portion of long-term debt	149	179
Total current liabilities	42,632	47,782
Deferred revenue, long-term	35	35
Long-term operating lease liabilities	7,139	7,676
Long-term debt	—	60
TOTAL LIABILITIES	49,806	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; 30,866,597 shares issued and 29,759,154 shares outstanding at June 30, 2024; 30,772,837 shares issued and 29,664,130 shares outstanding at December 31, 2023	3	3
Additional paid-in capital	463,844	463,140
Accumulated other comprehensive income	185	127
Accumulated deficit	(323,270)	(326,806)
Treasury stock, at cost; 1,107,442 and 1,108,707 shares at June 30, 2024 and December 31, 2023, respectively	(34,528)	(34,504)
Total stockholders' equity	106,234	101,960
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 156,040	\$ 157,513

Recent Financials

Unaudited Condensed Consolidated Statements of Cash Flows (in thousands)

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	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 3,536	\$ 21,322
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in fair value of contingent consideration	(27)	(324)
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 assets	2,749	2,390
Depreciation	442	349
Amortization of asset-based loan origination costs	170	—
Provision for credit losses, net of recoveries	79	63
Provision for excess and obsolete inventory	433	497
Gain on sale of property and equipment	(34)	—
Non-cash lease expense	1,236	1,621
Stock compensation expense	642	(836)
Deferred income tax expense	216	—
Paycheck protection plan loan forgiveness	—	(4,522)
Changes in current assets and liabilities:		
Accounts receivable	292	2,218
Accounts receivable, related party	(5,480)	(350)
Inventories	192	(3,158)
Other assets	688	(6)
Accounts payable	50	11,574
Accrued liabilities	(2,837)	(3,491)
Operating lease liabilities	(1,510)	(1,886)
Income taxes payable	(10)	(85)
Interest payable	—	(8)
Net cash provided by (used in) operating activities	827	(2,234)

	Six Months Ended June 30,	
	2024	2023
Cash flows from investing activities:		
Capital expenditures	(229)	(292)
Proceeds from sale of assets	34	—
Net cash used in investing activities	(195)	(292)
Cash flows from financing activities:		
Payment for forfeited stock options	—	(617)
Payments on long term debt	(90)	(60)
Proceeds from asset-based loan	83,300	—
Payments on asset-based loan	(84,994)	—
Payments to tax authorities for shares withheld from employees	(24)	(229)
Proceeds from issuance of stock	62	33
Payments for finance leases	(19)	(15)
Net cash used in financing activities	(1,765)	(888)
Effect of changes in exchange rates on cash and cash equivalents	58	(34)
Net change in cash and cash equivalents and restricted cash	(1,075)	(3,448)
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	4,777	8,841
Restricted cash at the end of period	101	101
Cash and cash equivalents and restricted cash at end of period	\$ 4,878	\$ 8,942

Recent Financials

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

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	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Gross profit	\$ 9,170	\$ 3,904	\$ 17,991	\$ 5,785	\$ 36,469	\$ 1,869
Stock compensation expense	3	2	7	(137)	12	(52)
Severance and retirement	—	11	9	26	12	26
Contingent liability revaluation	(1)	35	(27)	(324)	(230)	(243)
Sanitizer inventory write down	—	—	—	—	—	1,036
Amortization of contract assets	1,482	1,140	2,749	2,390	5,392	5,024
Adjusted Gross profit (Non-GAAP)⁽¹⁾	\$ 10,654	\$ 5,092	\$ 20,729	\$ 7,740	\$ 41,655	\$ 7,660
Net income (loss)	\$ 1,974	\$ (21)	\$ 3,536	\$ 21,322	\$ 6,927	\$ (16,499)
Interest expense	308	705	586	2,377	1,066	7,163
Income tax expense	15	7	257	16	390	(100)
Depreciation and amortization	222	173	442	349	827	706
EBITDA (Non-GAAP)⁽¹⁾	\$ 2,519	\$ 864	\$ 4,821	\$ 24,064	\$ 9,210	\$ (8,730)
Stock compensation expense	331	274	643	(838)	1,213	896
Severance and retirement	20	(2,268)	32	(30)	45	(249)
Contingent liability revaluation	—	35	(27)	(324)	(230)	(215)
Sanitizer inventory write down	—	—	—	—	—	1,036
Gain on disposal of assets	(34)	—	(34)	—	(72)	(1,010)
PPP loan forgiveness	—	—	—	(4,522)	—	(4,522)
Contract Consideration Convertible Notes Payable revaluation adjustment	—	(3,874)	—	(29,969)	—	(16,778)
Amortization of contract assets	1,482	1,140	2,749	2,390	5,392	5,024
Non-Recurring professional fees	121	1,826	280	3,375	248	5,212
Adjusted EBITDA (Non-GAAP)⁽¹⁾	\$ 4,439	\$ (2,003)	\$ 8,464	\$ (5,854)	\$ 15,806	\$ (19,336)

(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.