



# **Simmons Energy**

## **21<sup>st</sup> Annual Energy Conference**

March 22, 2021

## Forward-Looking Statements

This investor presentation contains statements relating to future actions and results, which are "forward-looking statements" within the meaning of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, ChampionX's market position and growth opportunities. Forward-looking statements include, statements related to ChampionX's expectations regarding the performance of the business, financial results, liquidity and capital resources of ChampionX. Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from current expectations, including, but not limited to, changes in economic, competitive, strategic, technological, tax, regulatory or other factors that affect the operation of ChampionX's businesses. You are encouraged to refer to the documents that ChampionX files from time to time with the Securities and Exchange Commission ("SEC"), including the "Risk Factors" in ChampionX's Annual Report on Form 10-K for the year ended December 31, 2020, and in ChampionX's other filings with the SEC. Readers are cautioned not to place undue reliance on ChampionX's forward-looking statements. Forward-looking statements speak only as of the day they are made and ChampionX undertakes no obligation to update any forward-looking statement, except as required by applicable law.

## Non-GAAP Measures

This investor presentation, and the related discussions, contains certain non-GAAP financial measures, which should be considered only as supplemental to, and not as superior to financial measures prepared in accordance with generally accepted accounting principles ("GAAP"). Please refer to the Appendix of this presentation for a reconciliation of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP and definitions and calculation methodologies of defined terms used in this investor presentation. For additional information about our non-GAAP financial measures, see our filings with the SEC.

## Results on a Pro Forma Basis

On June 3, 2020, Apergy Corporation closed on the acquisition of ChampionX Holding, Inc. ("the Transaction") and changed its name ChampionX Corporation. "Reported results" reflect the respective contributions from each company based on the close of the Transaction. For comparative purposes, management has also presented herein certain unaudited pro forma financial information as if the Transaction was completed on January 1, 2019, including results on a pro forma basis for revenue, income before income taxes, income before income taxes margin, adjusted EBITDA, adjusted EBITDA margin, segment revenue, segment operating profit (loss), segment adjusted EBITDA, segment adjusted EBITDA margin for the years ended December 31, 2020, and December 31, 2019, and the quarterly periods ended December 31, 2020, September 30, 2020, and December 31, 2019. The financial results on a pro forma basis are provided to assist investors in assessing ChampionX's performance on a basis that includes the combined results of operations of both Apergy Corporation and ChampionX Holding, Inc. for the full reporting period. ChampionX management believes this unaudited pro forma historical financial information helps investors understand the long-term profitability trends of its newly combined business giving effect to the Transaction and facilitates comparisons of our profitability to prior and future periods and to our peers. The historical financial results on a pro forma basis herein may not be comparable to similarly titled measures reported by other companies.

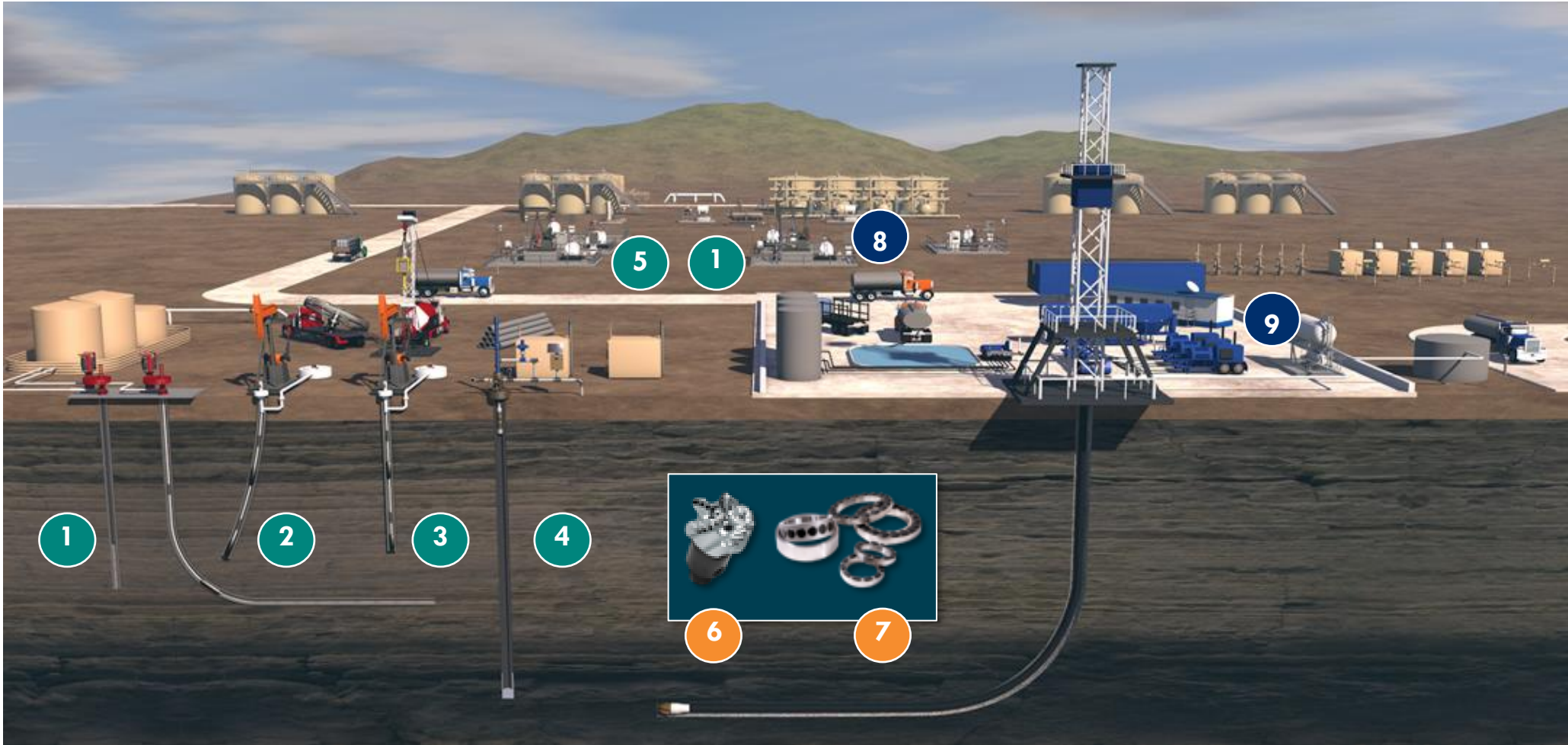
- We are continuing to evaluate the full impact of the winter storm
- Due to winter storm impacts, we now expect first quarter 2021 Revenue and Adjusted EBITDA near the low end of our prior guidance range of \$650 million to \$700 million, and \$90 million to \$100 million, respectively
- Our Chemical Technologies businesses were the most impacted by the winter storm:
  - Raw materials supply chain disruptions due to shutdowns of Gulf Coast petrochemical and chemical plants
  - Lower consumable production chemicals sales due to lost oil & gas production
  - Repair and start up costs associated with repairing storm damage to facilities and associated lower absorption due to facility shut down
  - Our teams are working hard to ensure supply assurance to our customers
  - All our facilities are fully operational, but we continue to experience some raw material supply chain disruptions
- We expect Production & Automation Technologies and Drilling Technologies to fully recover from winter storm impacts within the first quarter, given improved activity levels in March
- We still expect exit 2021 adjusted EBITDA margin to exceed exit 2020 level, driven by volume and price improvements, and further realization of cost synergies

## Unlocking energy to drive value for our customers, employees and shareholders

- Global leader in production-optimization solutions – focused on collaboratively solving customer problems and enhancing productivity in the “long tail” production phase of the well
- Most trusted brands – recognized for quality, performance, and customer service
- Diversified global customer base and deep relationships with the largest and most stable players in the oil and gas industry
- Global presence with balanced portfolio across regions and production types
- Strong financial profile – sustained profitability and free cash flow through business cycles
- Platform to capitalize on increasing customer adoption of digital solutions to drive wellsite productivity



# ChampionX is Present Across the Wellsite



## ARTIFICIAL LIFT

- 1. Progressive Cavity Pumps
- 2. Rod Lift
- 3. Plunger Lift
- 4. ESP
- 5. Gas Lift

## DRILLING TECHNOLOGIES

- 6. Diamond Drill Bit Inserts
- 7. Diamond Bearings

## CHEMICAL TECHNOLOGIES

- 8. Production Chemicals
- 9. Drilling & Completion Chemicals

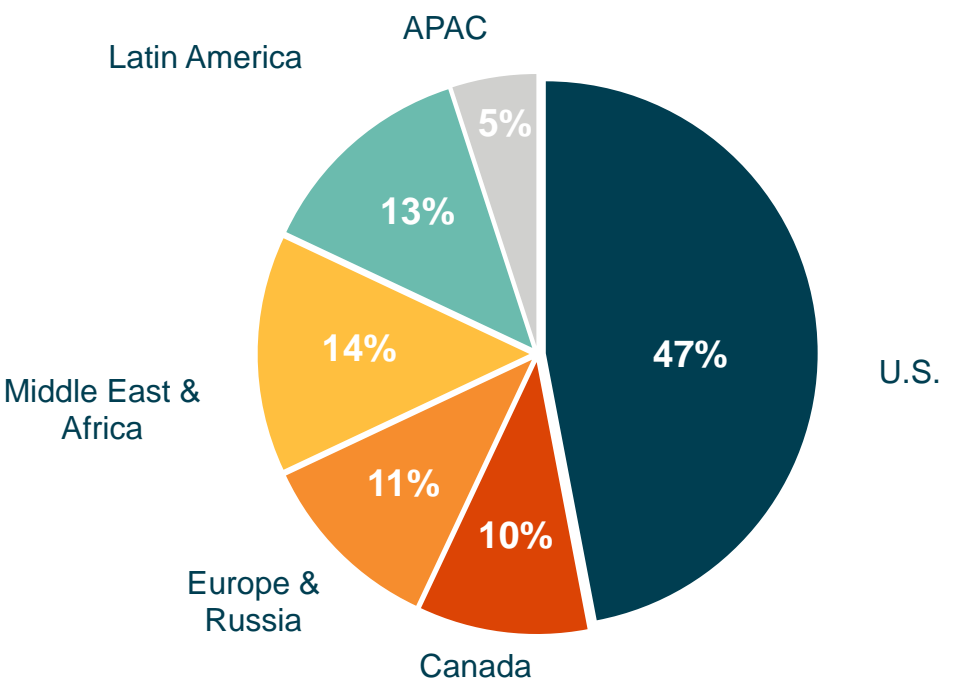
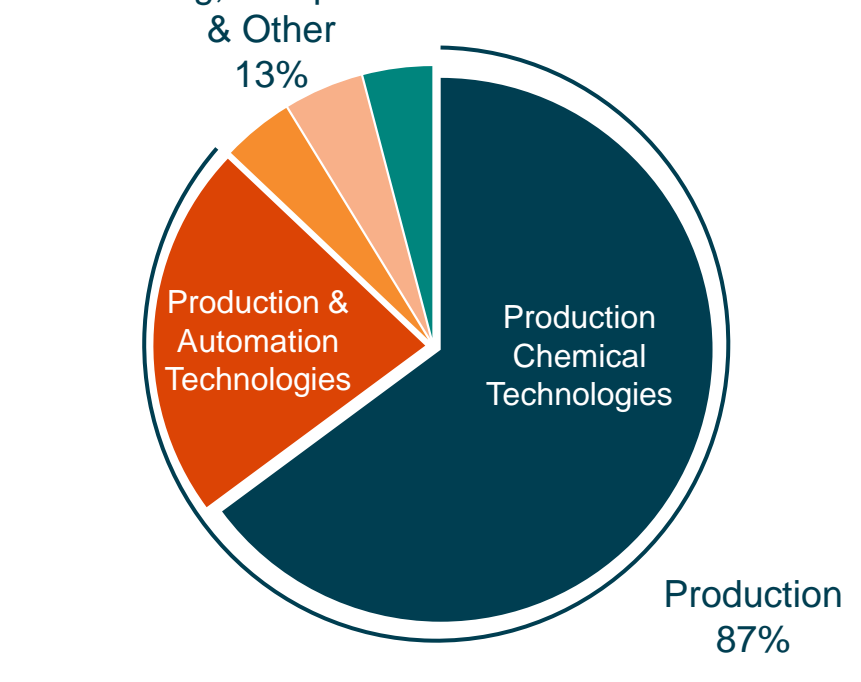
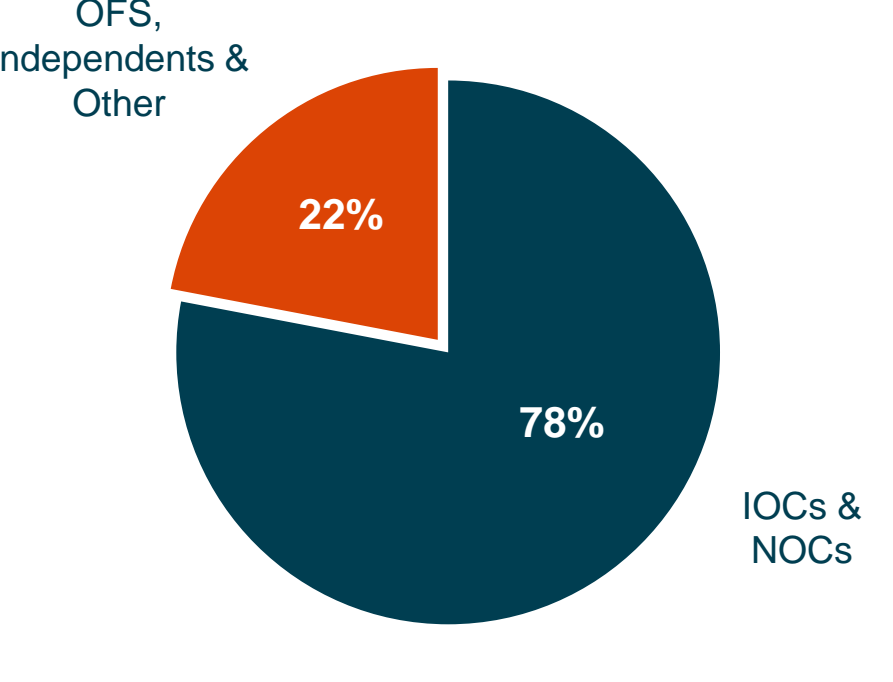
## DIGITAL

- 10. IIoT Enabled Technologies
- 11. Optimization Software
- 12. Remote Monitoring

# ChampionX Portfolio Profile

Production-oriented portfolio with strong product & technology offering



Geography <sup>1</sup>	Business Mix <sup>1</sup>	Top 20 Customer Profile <sup>2</sup>
 <p>A pie chart illustrating the company's geographic footprint. The largest segment is the U.S. at 47%, followed by Latin America at 14%, APAC at 13%, Middle East &amp; Africa at 11%, Europe &amp; Russia at 10%, and Canada at 5%.</p>	 <p>A pie chart showing the business mix. Production accounts for 87% of the mix, Production &amp; Automation Technologies accounts for 13%, and Drilling, Completions &amp; Other accounts for 5%.</p>	 <p>A pie chart showing the profile of the top 20 customers. IOCs &amp; NOCs represent 78% of the revenue, while OFS, Independents &amp; Other represent 22%.</p>
<ul style="list-style-type: none"> <li>■ Diversified geographic footprint with a balanced international mix</li> <li>■ Scale, geographic presence in 55+ countries</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversified equipment and solutions provider with significant production-levered revenue</li> <li>■ Integrated platform of production-optimization and services</li> </ul>	<ul style="list-style-type: none"> <li>■ Top 20 customers represented 47% of 2020 consolidated pro forma revenue</li> <li>■ High exposure to large, stable, high-quality National and International Oil Companies</li> </ul>

Note: See appendix for reconciliation of non-GAAP financial measures including pro forma revenue.

1. Based on pro forma revenue for the year ended December 31, 2020.

2. Based on pro forma revenue for the year ended December 31, 2020.

# Overview of Production Chemical Technologies

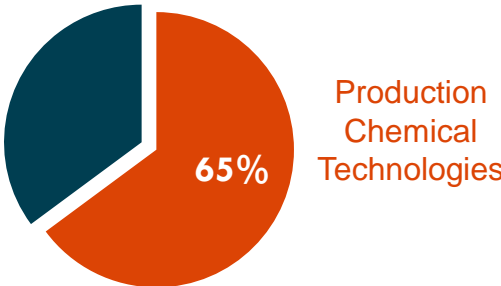


Pro Forma FY'20  
Revenue

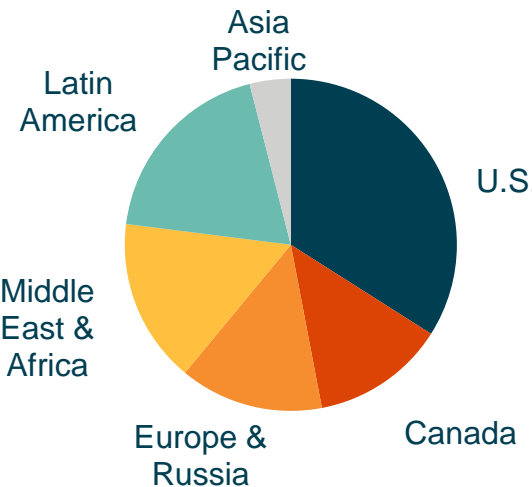
**\$1.8 billion**

- Consumable, proprietary chemical solutions that enhance well production and maximize cash flow over the multi-decade life of a well
- Full range of onshore, offshore, conventional, unconventional, and oil sands operations supporting the entire life cycle of the well
- Onsite experts, logistics specialist and over 1,700 owned and licensed patents
- Innovative solutions for corrosion management, oil and water separation, sour gas treatment, flow assurance, water treatment and related issues
- Focused on production activity, paid out of customers' operating expense and influenced by lifting cost economics
- Global presence with locations in over 55 countries

% Total ChampionX<sup>1</sup>



Geography<sup>1</sup>



Domain Expertise

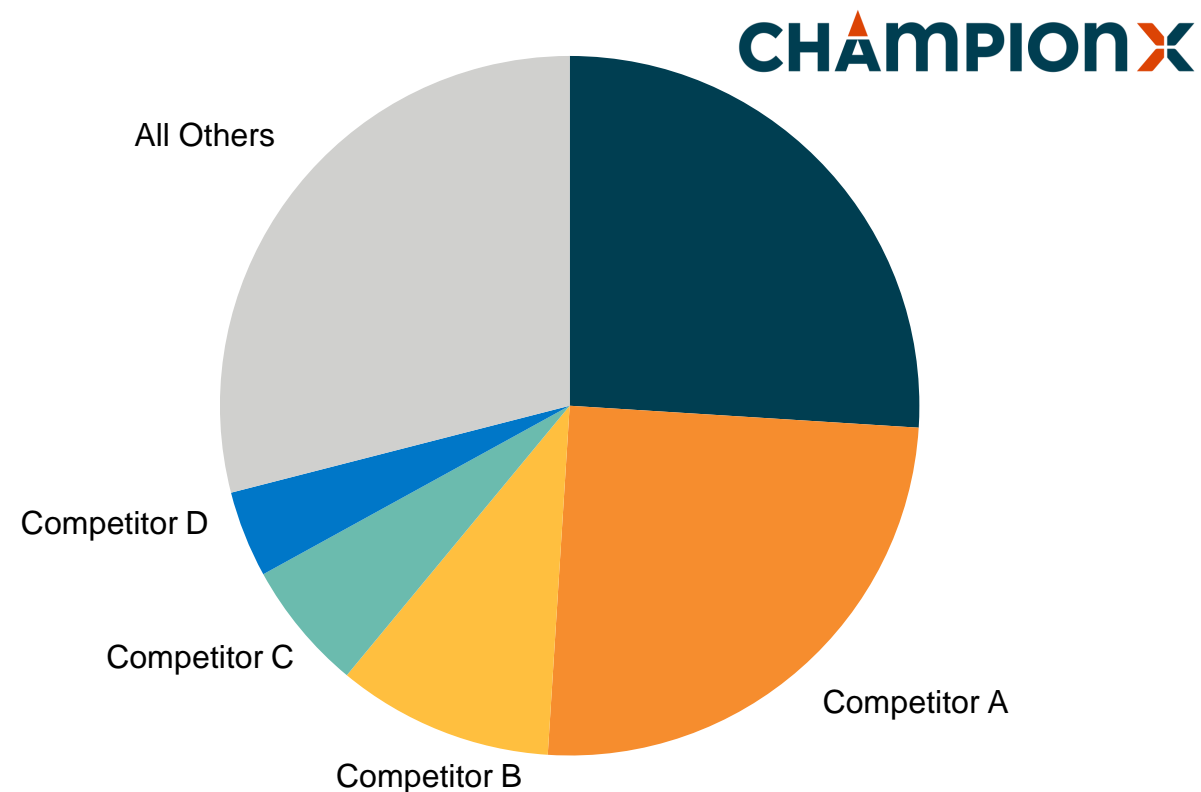
- 400+ Scientists and Technologists
- 3,800 Sales, Service, and Supply Chain Personnel
- #1 in Customer Satisfaction in Production Chemicals Category<sup>2</sup>

Note: May not foot due to rounding. See appendix for reconciliation of non-GAAP financial measures including pro forma revenue.  
<sup>1</sup> Percent of ChampionX pro forma revenue for the year ended December 31, 2020.  
<sup>2</sup> Awarded by EnergyPoint Research.



# Production Chemical Technologies Has a Leading Position in the Global Oilfield Chemicals Market

## Estimated Global Production Chemicals Market Share



ChampionX benefits from top 3 leadership positions across key categories:

- Corrosion management and control
- Scale management and control
- Bacteria management and control
- Oil and water separation
- Wax and asphaltene management and control
- Water shut off and control
- H<sub>2</sub>S management and control
- Hydrate management and control
- Automated chemical control and reporting

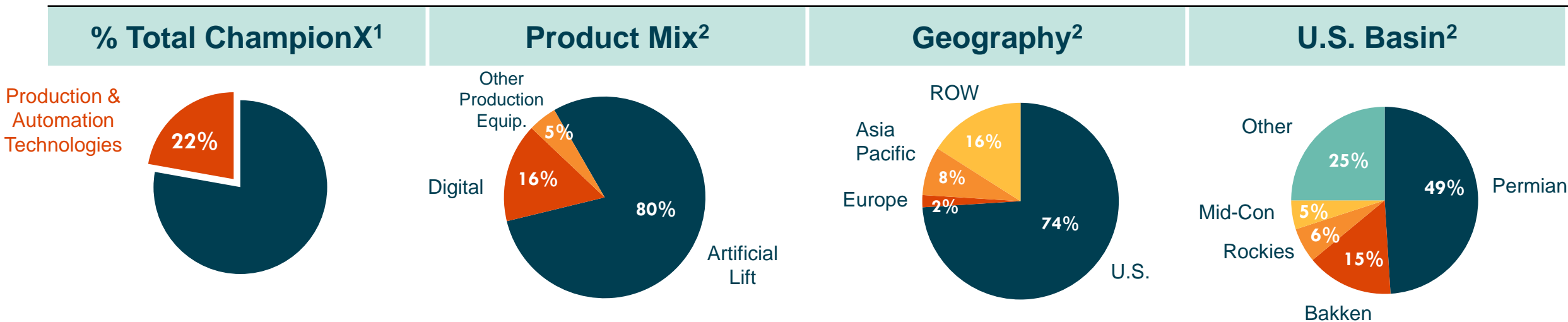


# Overview of Production & Automation Technologies **CHAMPIONX**

FY'20 Revenue

**\$616mm**

- Leading provider of production & automation equipment and digital solutions for global E&P operators
- Proven brands known for performance reliability, technology, manufacturing quality and pre and post sales support
- Broadest artificial lift portfolio that supports oil and gas operators over life of well
- Trusted partner to lower production costs for operators and optimize well efficiency
- Investment in New Product Development within ESP and our Digital platforms will continue to deliver share of wallet gains in the cycle and further diversify our revenue mix
- Global sales & service locations: 110+ (North America) & 22 (Rest of World)



Note: May not foot due to rounding. See appendix for reconciliation of non-GAAP financial measures including pro forma revenue.

<sup>1</sup> % of ChampionX pro forma revenue for the year ended December 31, 2020.

<sup>2</sup> % of segment revenue for the year ended December 31, 2020.

# Artificial Lift Product Offering

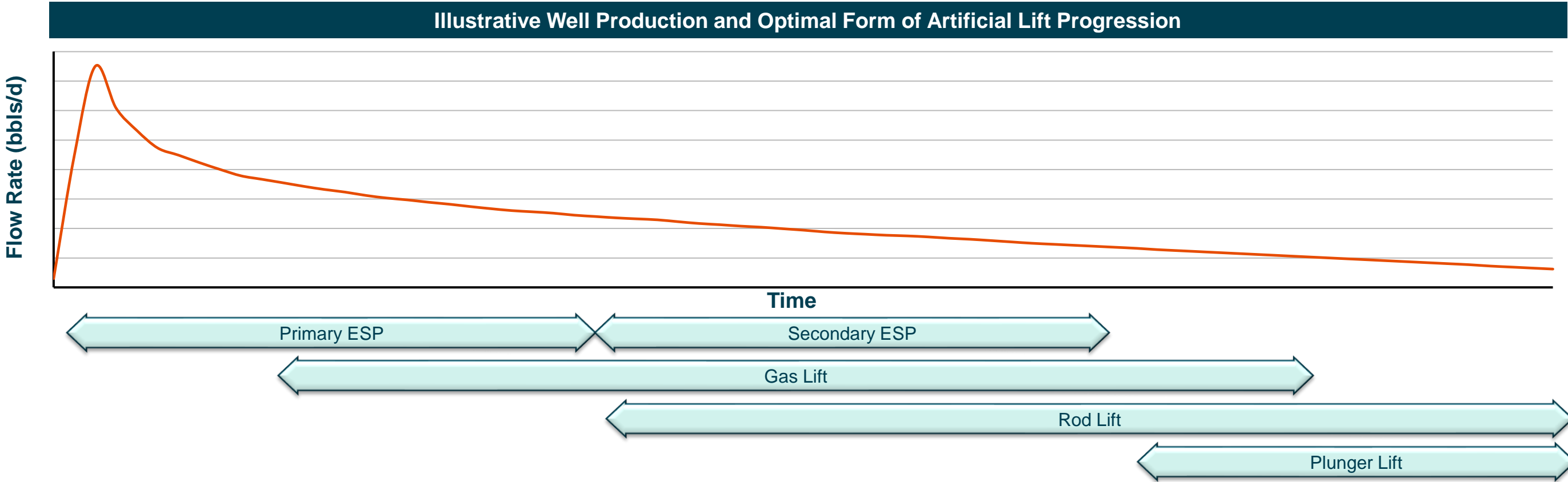
Managing the Life Cycle of the Well



**XSPOC™ Production Optimization Software Tools**  
**Smarten™ Hardware (RTU/Controllers)**



FY'20 Artificial Lift Revenue \$491mm	Electrical Submersible Pump (ESP)	Rod Lift	Gas Lift & Hydraulic Lift	Other <sup>2</sup>
	35% of Sales <sup>1</sup>	35% of Sales <sup>1</sup>	8% of Sales <sup>1</sup>	23% of Sales <sup>1</sup>



Note: May not foot due to rounding.  
<sup>1</sup> Represents % of FY 2020 worldwide artificial lift product revenue.  
<sup>2</sup> Other includes PCP and plunger lift.

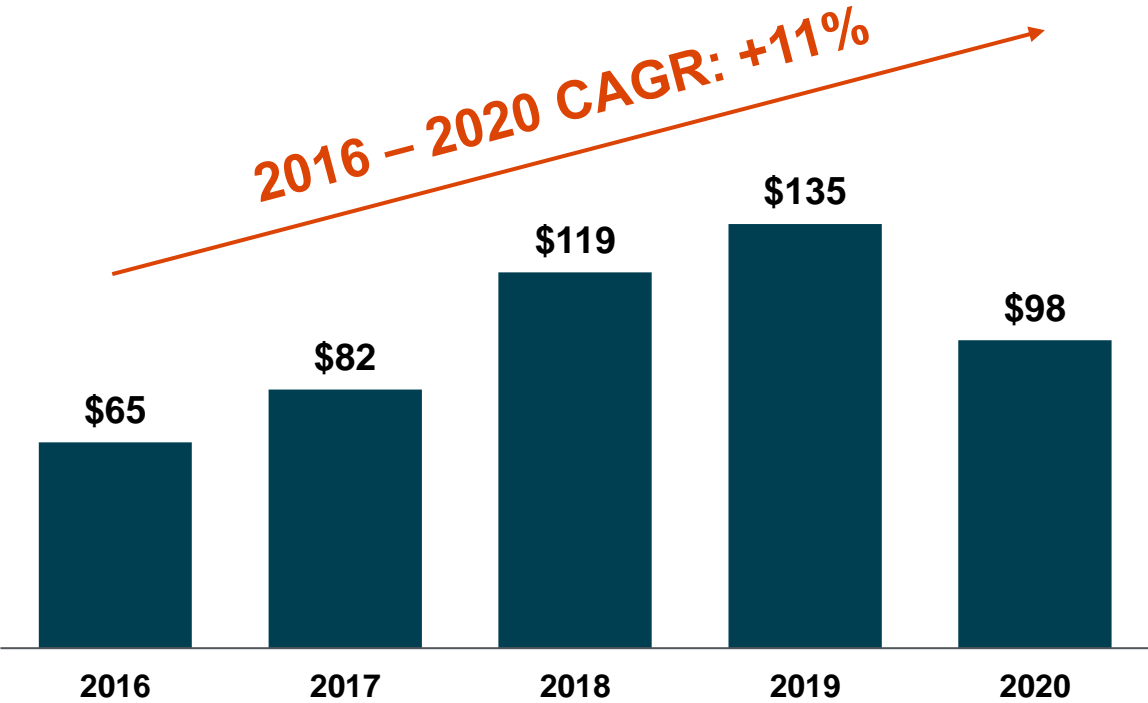
# Platform to Deliver Production Optimization Solutions and Accelerate Digital Adoption in the Oilfield



Chemical Solutions	<b>Fluid and Chemical Injection Optimization</b> <ul style="list-style-type: none"><li>Controlled dosing of chemicals for well optimization and performance</li><li>Scalable dosing solution for different lift types</li><li>Optimal gas injection software for higher yield</li></ul>
Artificial Lift & Drilling	<b>Production Surveillance and Monitoring</b> <ul style="list-style-type: none"><li>Continuous reservoir monitoring</li><li>Smart edge devices for the well site</li><li>Field level optimization algorithms</li><li>Remote monitoring and control</li></ul>
Asset Integrity Management	<b>Predictive Failure Analysis of Production Equipment</b> <ul style="list-style-type: none"><li>Services to periodically review well performance</li><li>Continuous equipment health monitoring through AI models</li><li>AI models deployed in the cloud for prescriptive insights</li></ul>

## ChampionX's Strong Track Record of Digital Revenue Growth

\$ in millions



# Overview of Drilling Technologies

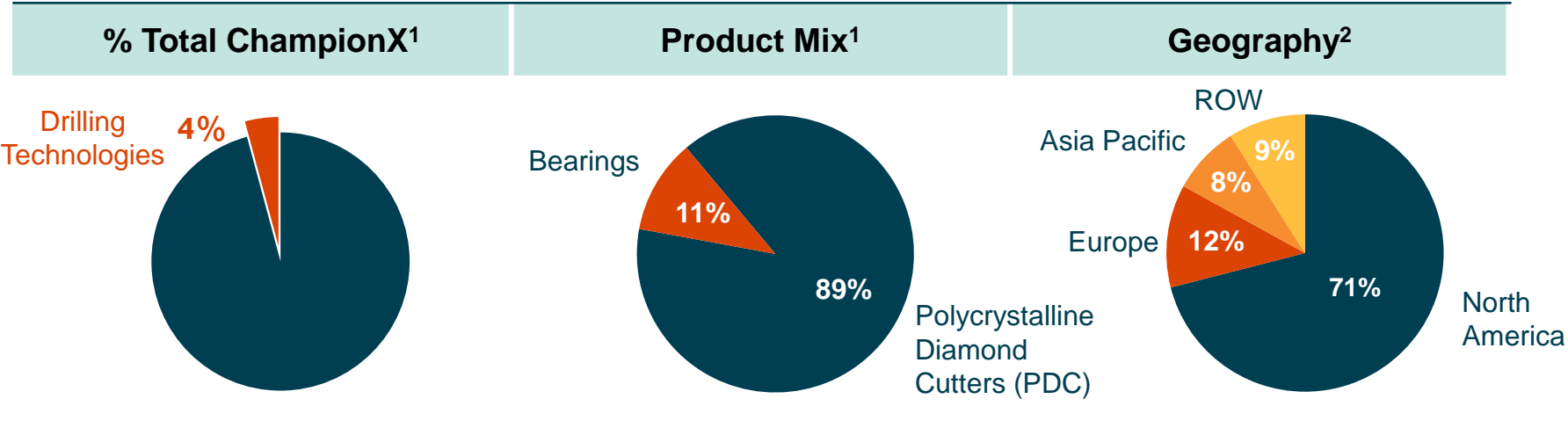
FY'20 Revenue

\$116mm

- Industry leader in polycrystalline diamond cutters for oil & gas drilling and diamond bearings with industry reputation for innovation, quality and customer service
- Critical partner to customers in achieving drilling productivity
  - 95%+ of drill bit inserts are designed to meet unique requirements and finished to exact customer specifications
- Well positioned to leverage industry trends – U.S. shale, horizontal drilling, increasing laterals, more difficult drilling formations
- Leveraging diamond science for additional growth

USSynthetic

USSynthetic  
Bearings



Note: May not foot due to rounding. See appendix for reconciliation of non-GAAP financial measures including pro forma revenue.

<sup>1</sup> Percent of ChampionX pro forma revenue for the year ended December 31, 2020.

<sup>2</sup> Represents geography by the location of our direct customer for the year ended December 31, 2020.

# Product Overview: Polycrystalline Diamond Drill Bit Inserts & Bearings



### Polycrystalline Diamond Drill Bit Inserts

- State of the art custom designed and manufactured drill bit inserts
- Proprietary technology driven by constant innovation
- Uncompromising commitment to outstanding quality and superior customer service

**Drill Bit Inserts**

**Drill Bit**

### Diamond Bearings

- Diamond bearings in downhole tools is a fast-growing product line, which:
  - Provides higher load capability
  - Allows designs with seals, less prone to failure
  - Longer life with lower repair cost

**Diamond Bearings Revenue Trend**

Year	Revenue (\$ million)
2015	10
2016	8
2017	20
2018	34
2019	37
2020	13



# Overview of Reservoir Chemical Technologies

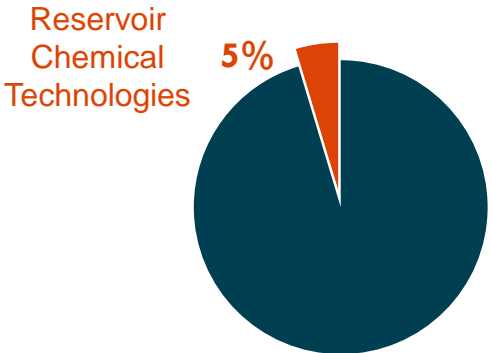


Pro Forma  
FY'20 Revenue

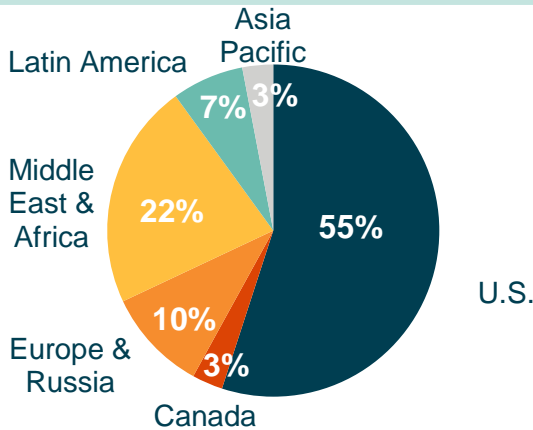
\$129mm

- Full range of drilling, completion, and well stimulation chemistries addressing a wide range of water, temperature, and pressure conditions
- Driving more successful and efficient drilling and hydraulic fracturing operations for national and international oil and gas service companies
- Sales and service experts supported by corporate account leaders and research scientists

% Total ChampionX<sup>1</sup>



Geography<sup>1</sup>



Applications

- Drilling & completions
- Acidizing
- Cementing
- Hydraulic fracturing

Note: May not foot due to rounding. See appendix for reconciliation of non-GAAP financial measures including pro forma revenue.  
<sup>1</sup> Pro forma revenue for the year ended December 31, 2020.

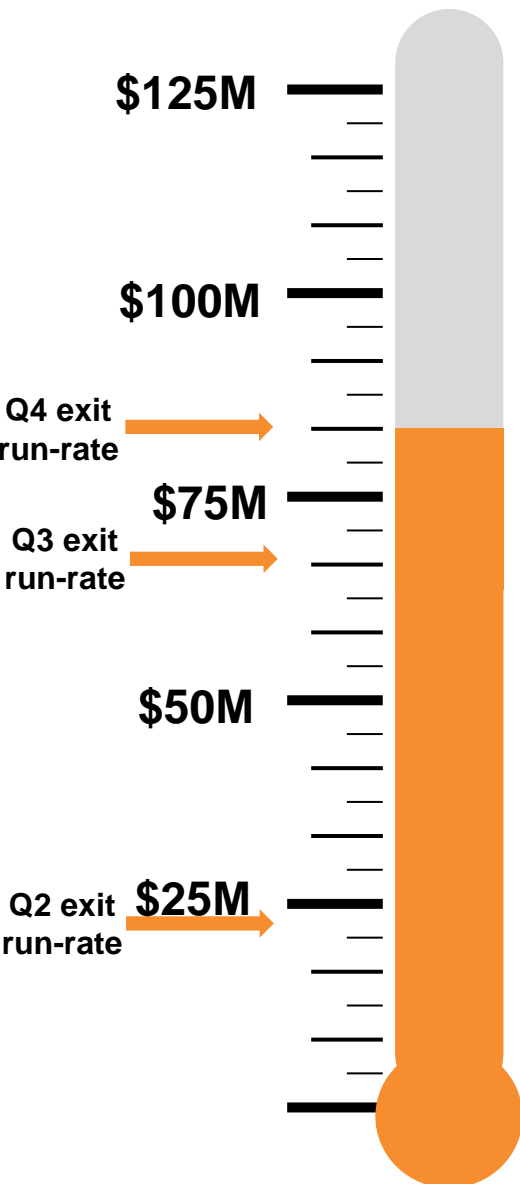
## Cost Synergies

- Cost synergies execution is on track
- Expect to achieve the increased cost synergies of \$125 million within 24 months of closing, including corporate cost avoidance, as well as functional savings opportunities and cost of goods sold efficiencies
- Separation from Ecolab is tracking ahead of schedule

## Revenue Synergies

- Continued progress on North America Joint Sell, Digital and International Artificial Lift Expansion growth opportunities
- Within our Production & Automation Technologies segment, we are seeing early momentum and revenue uplift from Better Together joint sales efforts, including recent wins in the Permian and Latin America regions
- Encouraging progress in expanding the portfolio of digitally-enabled products (e.g., smart skids) as digital pilot trials are underway with three customers

### Cost Synergy Annualized Run-Rate Tracker

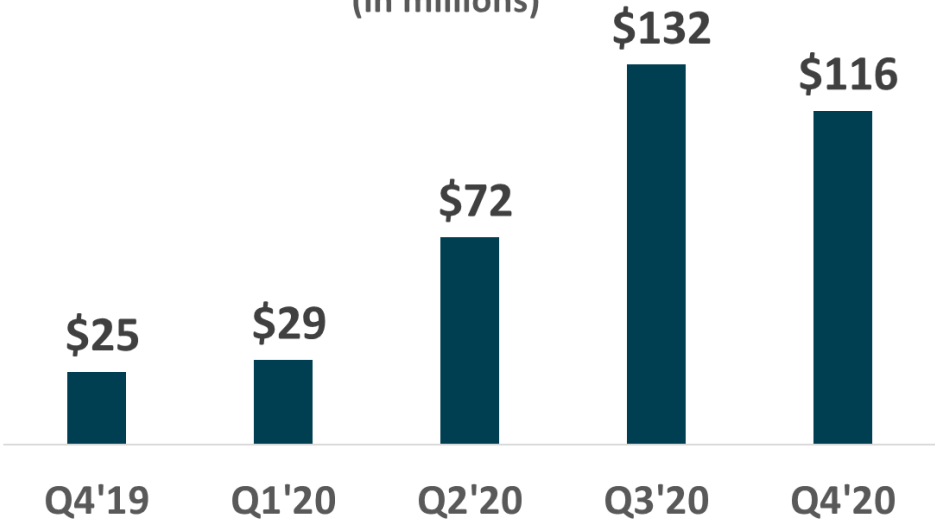


# Strong Financial Position

\$161MM Debt Reduction Since Merger Date; Focused on Glide Path to ~1.0x Leverage

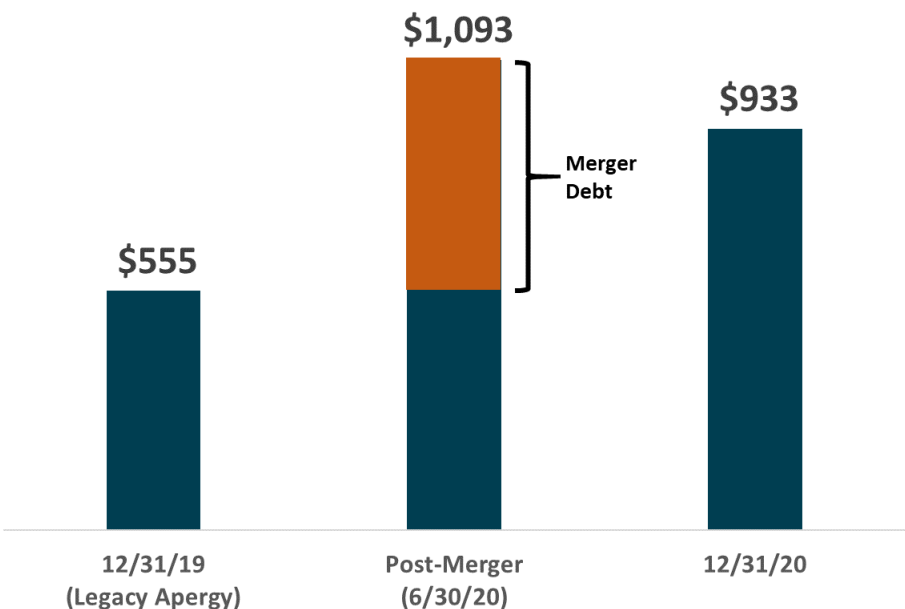


Adjusted Free Cash Flow<sup>1</sup>  
(in millions)

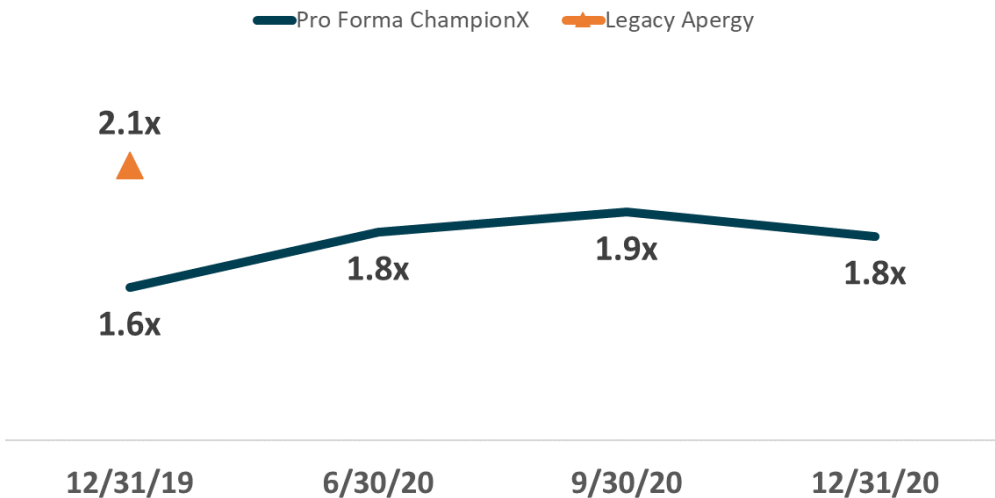


<sup>1</sup>Adjusted FCF excludes the impact of acquisition and integrated-related cash disbursements.

Total Debt (in millions)

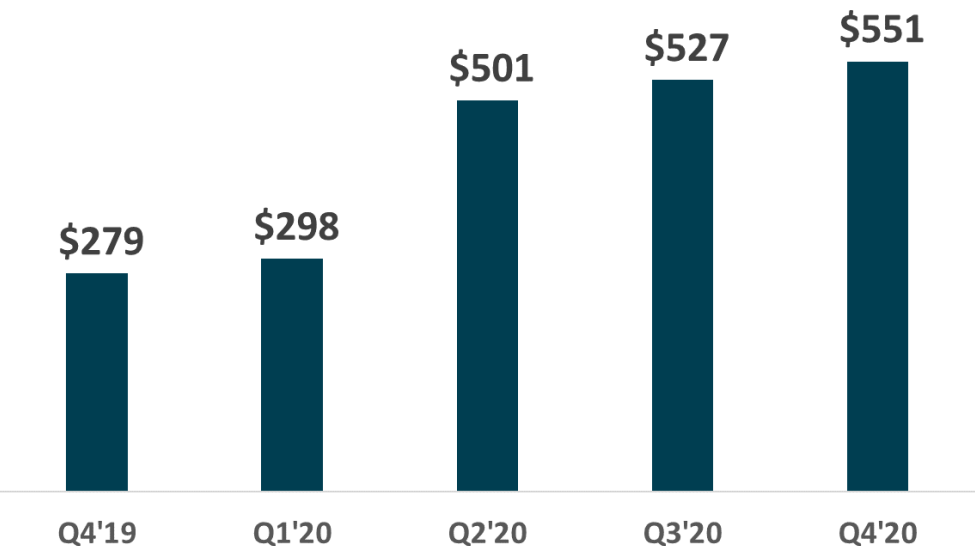


Net Debt to EBITDA<sup>1</sup>



<sup>1</sup>Pro Forma Adjusted EBITDA for the trailing four quarters.

Available Liquidity  
(in millions)



## Capital Allocation Priorities

- Organic Growth Investments
- Critical R&D, Digital and Innovation Projects --- ~2% of Revenues
- Continued Debt Reduction
- Selective, Bolt-On Technology Acquisitions

# We Are Clear and Focused on Our Strategic Priorities

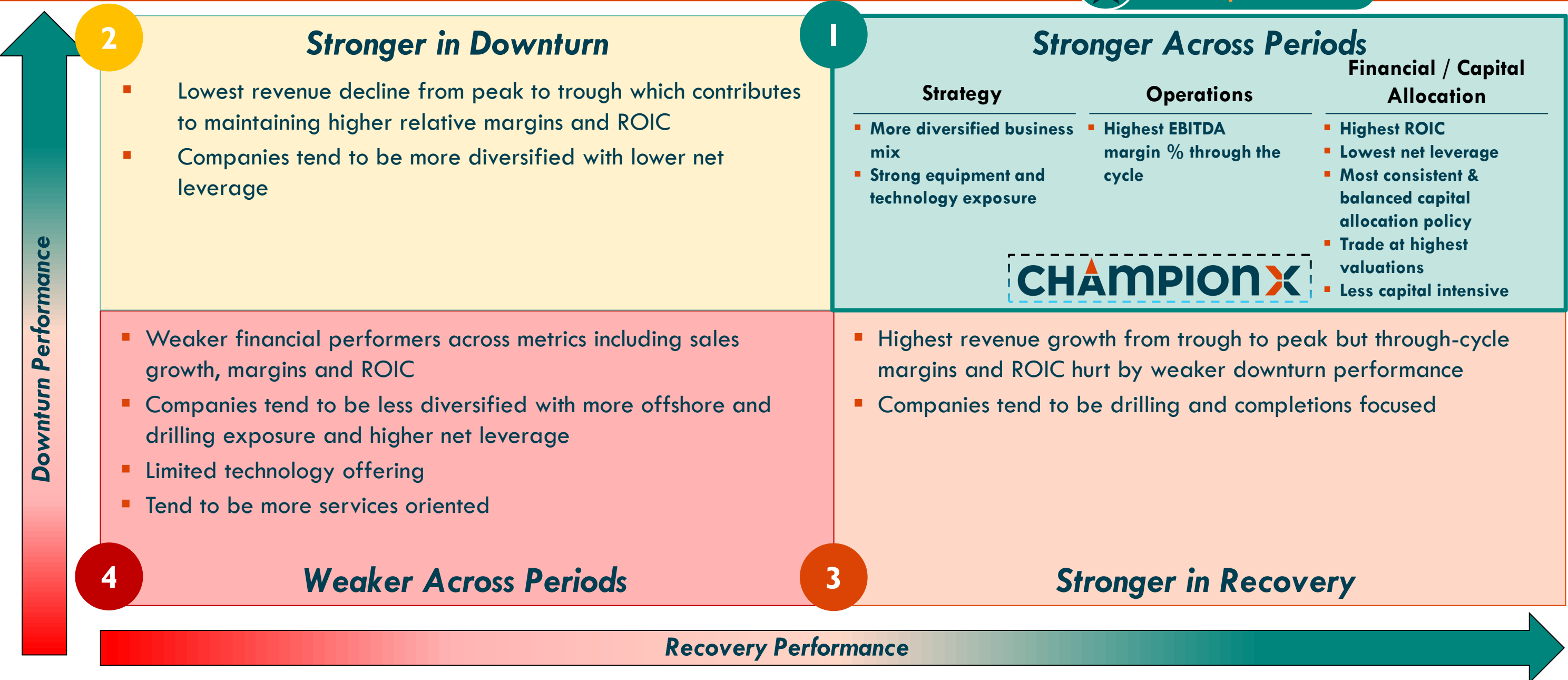
Priorities		Key Elements
1	Realize Better Together Potential	<ul style="list-style-type: none"><li>Continue building on our purpose of Improving Lives and having a positive culture</li><li>Leverage our production optimization expertise into broader production solutions</li><li>Remain laser focused on cost synergy initiatives – G&amp;A, Supply Chain, Cost Avoidance</li><li>Thoughtfully integrate back-office functions and leverage shared services opportunities</li></ul>
2	Accelerate Digital and Digitally-enabled Revenue Streams	<ul style="list-style-type: none"><li>Grow digitally-enabled products to support existing sales (e.g., smart skids)</li><li>Expand new digital revenue streams (e.g., monitoring, modeling &amp; analytics services)</li><li>Establish partnerships to leverage industry digital ecosystem</li></ul>
3	Leverage Global Footprint to Expand International Sales	<ul style="list-style-type: none"><li>Execute on targeted international expansion of artificial lift using Chemicals footprint</li><li>Grow IOC &amp; NOC share across lift and chemicals via combined offering &amp; relationships</li></ul>
4	Build Enterprise-wide Continuous Improvement Rigor	<ul style="list-style-type: none"><li>Further build upon and execute on ChampionX Operational Excellence model</li><li>Integrate productivity improvements as part of operating cadence across the enterprise</li><li>Leverage digital to automate workflows &amp; eliminate waste in business processes</li></ul>
5	Evolve Portfolio for Sustained Growth	<ul style="list-style-type: none"><li>Leverage core capabilities across energy markets and natural adjacencies</li><li>Develop ESG framework &amp; roadmap which are integrated with our purpose and strategy</li><li>Continue to allocate capital in ways consistent with our value creation framework</li></ul>

# Value Creation in Oilfield Services & Equipment

CHAMPIONX



“Top Box”



“Top Box” performers drive long-term shareholder value



# ChampionX's Value Creation Algorithm

Consistent with "Top Box" Characteristics

1

## Revenue Growth

- ✓ Focus on stable revenue growth from a diversified and differentiated product portfolio
- ✓ Continue business mix toward production; with selected exposure to drilling and completions where we can win

2

## Margin Performance

- ✓ Maintain high margins from product differentiation & value delivered to customers
- ✓ Leverage innovation to deliver products and services that solve customers' most critical needs
- ✓ Continue productivity rigor

3

## Capital Allocation

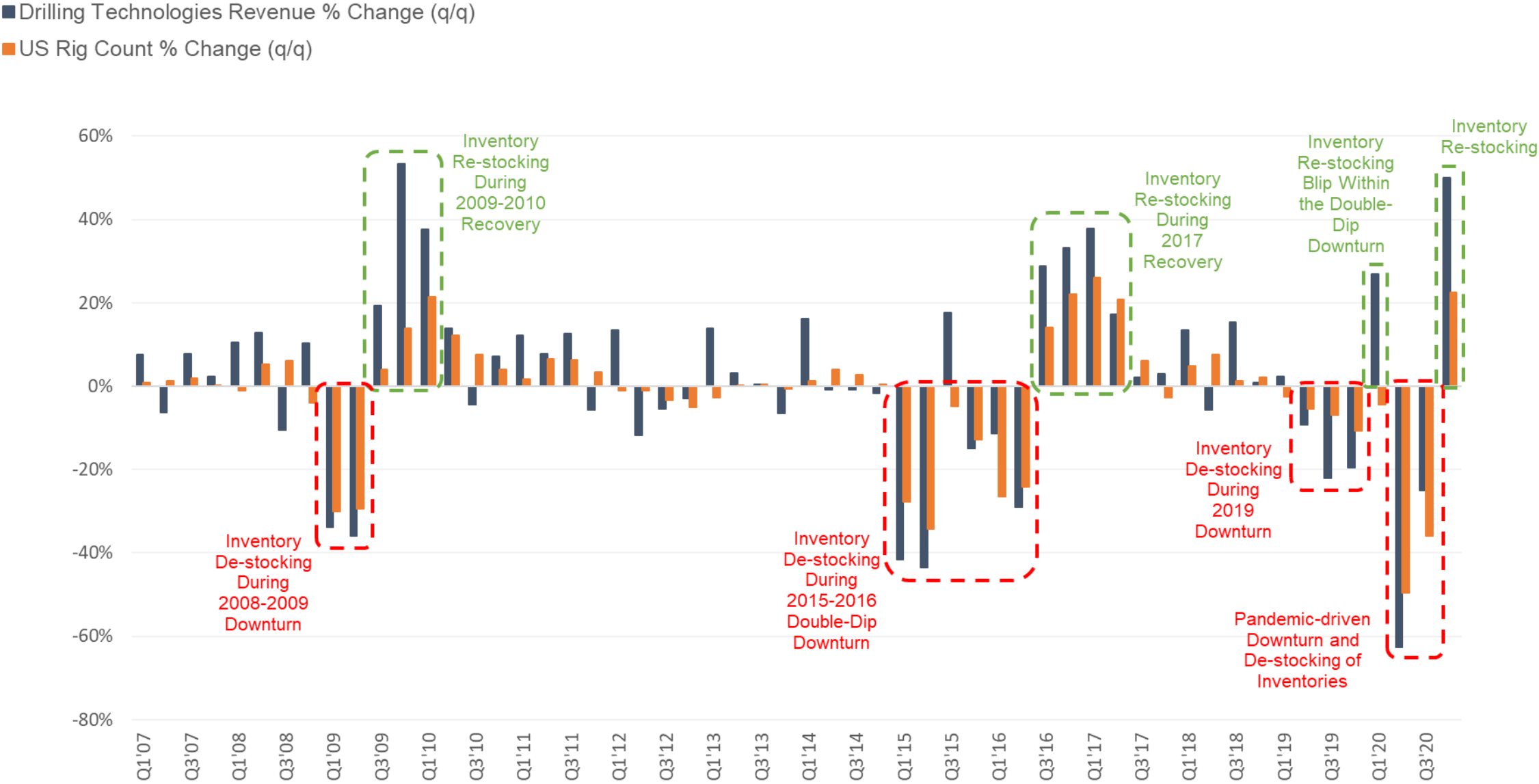
- ✓ After initial de-leveraging, adopt a consistent & balanced return-focused capital allocation policy, including return of cash to shareholders
- ✓ Disciplined organic investment plus M&A approach which maintains "top box" performance

+

+

# Appendix

# Drilling Technologies – Polycrystalline Diamond Cutter De-stocking and Re-stocking Cycles



# Reconciliations of Non-GAAP Measures

## **Results on a Pro Forma Basis**

On June 3, 2020, Apergy Corporation closed on the acquisition of ChampionX Holding, Inc. (“the Transaction”) and changed its name ChampionX Corporation. “Reported results” reflect the respective contributions from each company based on the close of the Transaction. For comparative purposes, management has also presented herein certain unaudited pro forma financial information as if the Transaction was completed on January 1, 2019, including results on a pro forma basis for revenue, income before income taxes, income before income taxes margin, adjusted EBITDA, adjusted EBITDA margin, segment revenue, segment operating profit (loss), segment adjusted EBITDA, segment adjusted EBITDA margin for the years ended December 31, 2020, and December 31, 2019, and the quarterly periods ended December 31, 2020, September 30, 2020, and December 31, 2019. The financial results on a pro forma basis are provided to assist investors in assessing ChampionX’s performance on a basis that includes the combined results of operations of both Apergy Corporation and ChampionX Holding, Inc. for the full reporting period. ChampionX management believes this unaudited pro forma historical financial information helps investors understand the long-term profitability trends of its newly combined business giving effect to the Transaction and facilitates comparisons of our profitability to prior and future periods and to our peers. The historical financial results on a pro forma basis herein may not be comparable to similarly titled measures reported by other companies.

## **About Non-GAAP Measures**

In addition to financial results determined in accordance with generally accepted accounting principles in the United States (“GAAP”), this presentation presents non-GAAP financial measures. Management believes that adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA, segment adjusted EBITDA margin, adjusted net income attributable to ChampionX, adjusted diluted earnings per share attributable to ChampionX, pro forma adjusted EBITDA, pro forma adjusted EBITDA margin, pro forma segment revenue, pro forma segment operating profit (loss), and pro forma adjusted segment EBITDA reflect the core operating results of our businesses and help facilitate comparisons of operating performance across periods. In addition, free cash flow is used by management to measure our ability to generate positive cash flow for debt reduction and to support our strategic objectives, while adjusted working capital provides a meaningful measure of operational results by showing changes caused by revenue or our operational initiatives. The foregoing non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP. A reconciliation of these non-GAAP measures to the comparable GAAP measures is included in the financial tables accompanying our earnings release of fourth quarter and full year 2020 results.

The pro forma results for the period ended December 31, 2019 have been reclassified to conform to the presentation of current period financial statements. Long-lived asset impairment for the period has been reclassified from selling, general and administrative expense to conform with our current period presentation of long-lived asset impairment on the condensed consolidated statement of income (loss).

This presentation also contains certain forward-looking non-GAAP financial measures, including adjusted EBITDA. Due to the forward-looking nature of the aforementioned non-GAAP financial measure, management cannot reliably or reasonably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures, such as net income. Accordingly, we are not able to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures. Amounts excluded from these non-GAAP measures in the future could be significant.



# Reconciliation from As Reported Results to Pro Forma Results



## Consolidated ChampionX – FY'19

(in thousands, except per share data)	Years Ended December 31, 2019		
	As Reported	Adjustments <sup>(1)</sup>	Pro Forma
<b>Revenue</b>	\$ 1,131,251	\$ 2,325,103	\$ 3,456,354
<b>Net income attributable to ChampionX</b>	\$ 52,164	\$ 176,962	\$ 229,126
Pre-tax adjustments:			
Goodwill and long-lived asset impairment	1,746	—	1,746
Separation and supplemental benefit costs	6,377	—	6,377
Restructuring and other related charges	9,307	14,667	23,974
Environmental costs	1,988	—	1,988
Acquisition and integration related costs	10,145	(9,323)	822
Professional fees related to material weakness remediation and impairment analysis	2,780	—	2,780
Intellectual property defense	400	—	400
Tax impact of adjustments	(7,777)	(941)	(8,718)
<b>Adjusted net income attributable to ChampionX</b>	77,130	181,365	258,495
Tax impact of adjustments	7,777	941	8,718
Net income attributable to noncontrolling interest	796	7,420	8,216
Depreciation and amortization	119,938	111,764	231,702
Provision for income taxes	6,226	44,921	51,147
Interest expense, net	39,301	38,440	77,741
<b>Adjusted EBITDA</b>	\$ 251,168	\$ 384,851	\$ 636,019

## Consolidated ChampionX – FY'20

(in thousands, except per share data)	Years Ended December 31, 2020		
	As Reported	Adjustments <sup>(1)</sup>	Pro Forma
<b>Revenue</b>	\$ 1,899,996	\$ 875,031	\$ 2,775,027
<b>Net loss attributable to ChampionX</b>	\$ (743,930)	\$ (33,623)	\$ (777,553)
Pre-tax adjustments:			
Goodwill and long-lived asset impairment	657,251	147,760	805,011
Separation and supplemental benefit costs	539	—	539
Restructuring and other related charges	23,291	4,688	27,979
Acquisition and integration related costs	84,779	(83,645)	1,134
Acquisition-related inventory step-up	6,463	(14,513)	(8,050)
Professional fees related to material weakness remediation and impairment analysis	6,240	—	6,240
Intellectual property defense	1,278	—	1,278
Tax impact of adjustments	(63,368)	34,465	(28,903)
<b>Adjusted net income (loss) attributable to ChampionX</b>	(27,457)	55,132	27,675
Tax impact of adjustments	63,368	(34,465)	28,903
Net income attributable to noncontrolling interest	1,577	1,321	2,898
Depreciation and amortization	214,362	46,568	260,930
Provision for (benefit from) income taxes	(20,396)	38,994	18,598
Interest expense, net	51,731	13,703	65,434
<b>Adjusted EBITDA</b>	\$ 283,185	\$ 121,253	\$ 404,438

(1) Includes the impact of the historical legacy ChampionX business on a stand-alone basis adjusted to give effect to the Merger under the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations ("ASC 805"). The adjustments were prepared on the same basis as the adjustments included in our Registration Statement on Form S-4 (File No. 333-236379) and include a decrease in amortization and depreciation resulting from the preliminary purchase price adjustments, an increase in interest expense associated with the new term loan facility, removal of acquisition and integration related costs attributable to the Merger as well as the tax impact of those adjustments.

# Reconciliation from As Reported Results to Pro Forma Results



## Consolidated ChampionX – Q3'20

(in thousands, except per share data)	Three Months Ended September 30, 2020		
	As Reported	Adjustments <sup>(1)</sup>	Pro Forma
Revenue	\$ 633,526	\$ —	\$ 633,526
Net income (loss) attributable to ChampionX	\$ (7,914)	\$ 12,581	\$ 4,667
Pre-tax adjustments:			
Separation and supplemental benefit costs	383	—	383
Restructuring and other related charges	3,426	—	3,426
Acquisition and integration related costs	8,665	(8,415)	250
Acquisition-related adjustments	3,511	(7,878)	(4,367)
Professional fees related to material weakness remediation and impairment analysis	940	—	940
Intellectual property defense	408	—	408
Tax impact of adjustments	(3,968)	3,730	(238)
Adjusted net income attributable to ChampionX	5,451	18	5,469
Tax impact of adjustments	3,968	(3,730)	238
Net income attributable to noncontrolling interest	582	—	582
Depreciation and amortization	64,848	—	64,848
Provision for (benefit from) income taxes	(3,962)	3,712	(250)
Interest expense, net	15,935	—	15,935
Adjusted EBITDA	\$ 86,822	\$ —	\$ 86,822

## Consolidated ChampionX – Q4'20

(in thousands, except per share data)	Three Months Ended December 31, 2020		
	As Reported	Adjustments <sup>(1)</sup>	Pro Forma
Revenue	\$ 706,122	\$ —	\$ 706,122
Net income (loss) attributable to ChampionX	\$ 7,357	\$ 4,948	\$ 12,305
Pre-tax adjustments:			
Separation and supplemental benefit costs	105	—	105
Restructuring and other related charges	4,971	—	4,971
Acquisition and integration related costs	5,854	(5,604)	250
Acquisition-related adjustments	(2,878)	(805)	(3,683)
Professional fees related to material weakness remediation and impairment analysis	512	—	512
Intellectual property defense	478	—	478
Tax impact of adjustments	(2,070)	1,467	(603)
Adjusted net income (loss) attributable to ChampionX	14,329	6	14,335
Tax impact of adjustments	2,070	(1,467)	603
Net income attributable to noncontrolling interest	124	—	124
Depreciation and amortization	65,101	—	65,101
Provision for (benefit from) income taxes	11,526	1,461	12,987
Interest expense, net	15,495	—	15,495
Adjusted EBITDA	\$ 108,645	\$ —	\$ 108,645

(1) Includes the impact of the historical legacy ChampionX business on a stand-alone basis adjusted to give effect to the Merger under the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations ("ASC 805"). The adjustments were prepared on the same basis as the adjustments included in our Registration Statement on Form S-4 (File No. 333-236379) and include a decrease in amortization and depreciation resulting from the preliminary purchase price adjustments, an increase in interest expense associated with the new term loan facility, removal of acquisition and integration related costs attributable to the Merger as well as the tax impact of those adjustments.

# Reconciliation from Free Cash Flow to Adjusted Free Cash Flow

## Consolidated ChampionX

(in thousands)	Three Months Ended				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
<b>Free Cash Flow</b>					
Cash provided by operating activities	\$ 120,608	\$ 111,399	\$ 48,811	\$ 29,222	\$ 32,509
Less: Capital expenditures	(12,994)	(12,847)	(11,855)	(7,467)	(8,191)
Free cash flow	\$ 107,614	\$ 98,552	\$ 36,956	\$ 21,755	\$ 24,318
Cash transaction expenses	7,892	33,428	35,057	7,715	1,059
Adjusted free cash flow	\$ 115,506	\$ 131,980	\$ 72,013	\$ 29,470	\$ 25,377