

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (date of earliest event reported): **March 28, 2024**

DRILLING TOOLS INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-41103
(Commission File Number)

87-2488708
(I.R.S. Employer Identification No.)

3701 Briarpark Drive, Suite 150
Houston, Texas
(Address of principal executive offices)

77042
(Zip Code)

Registrant's telephone number, including area code: **(832) 742-8500**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common stock, par value \$0.0001 per share	DTI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

Attached as Exhibit 99.1 to this Current Report on Form 8-K is an investor presentation that Drilling Tools International Corporation (the “Company”) plans to use for investor relations and other purposes.

The information in this report and the exhibits attached hereto shall not be deemed to be “filed” for purposes of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, not shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

[99.1](#) Investor Presentation (March 2024)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 28, 2024

DRILLING TOOLS INTERNATIONAL CORPORATION

By: /s/ David R. Johnson

David R. Johnson

Chief Financial Officer

(Principal Financial and Accounting Officer)



DRILLING TOOLS[®]
INTERNATIONAL

2023 Investor Presentation

March 28, 2024



www.drillingtools.com

Forward Looking Statements

General: Drilling Tools International Corporation ("DTI") is making this presentation available in connection with the release of its financial results for the 12 months ended December 31, 2023. The information contained in this presentation does not purport to be all-inclusive or to contain all information that prospective investors may require. Prospective investors are encouraged to conduct their own analysis and review of information contained in this presentation as well as important additional information through the Securities and Exchange Commission's ("SEC") EDGAR system at www.sec.gov and on our website at www.drillingtools.com.

Forward-Looking Statements: This presentation and the oral statements made in connection herewith include "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. DTI's actual results may differ from its expectations, estimates and projections, and, consequently, you should not rely on these forward-looking statements as predictions of future events. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward looking. These forward-looking statements include, but are not limited to, statements regarding DTI and its management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements in this presentation may include, for example, statements about: (1) the demand for DTI's products and services, which is influenced by the general level of activity in the oil and gas industry; (2) DTI's ability to retain its customers, particularly those that contribute to a large portion of its revenue; (3) DTI's ability to remain the sole North American distributor of the Drill-N-Ream; (4) DTI's ability to employ and retain a sufficient number of skilled and qualified workers, including its key personnel; (5) DTI's ability to market its services in a competitive industry; (9) DTI's ability to execute, integrate and realize the benefits of acquisitions, and manage the resulting growth of its business; (6) potential liability for claims arising from damage or harm caused by the operation of DTI's tools, or otherwise arising from the dangerous activities that are inherent in the oil and gas industry; (7) DTI's ability to obtain additional capital; (8) potential political, regulatory, economic and social disruptions in the countries in which DTI conducts business, including changes in tax laws or tax rates; (9) DTI's dependence on its information technology systems, in particular Customer Order Management Portal and Support System, for the efficient operation of DTI's business; (10) DTI's ability to comply with applicable laws, regulations and rules, including those related to the environment, greenhouse gases and climate change; (11) DTI's ability to maintain an effective system of disclosure controls and internal control over financial reporting; (12) the potential for volatility in the market price of DTI's common stock; (13) the impact of increased legal, accounting, administrative and other costs incurred as a public company, including the impact of possible shareholder litigation; (14) the potential for issuance of additional shares of DTI's common stock or other equity securities; (15) DTI's ability to maintain the listing of its common stock on Nasdaq; and (16) other risks and uncertainties separately provided to you and indicated from time to time described in filings and potential filings by DTI with the SEC. These forward-looking statements are based on DTI management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. DTI cautions that the foregoing list of factors is not exclusive and not to place undue reliance upon any forward-looking statements, including projections, which speak only as of the date made. You should also carefully consider the risks and uncertainties described and the information presented in DTI's current report on Form 8-K filed June 27, 2023 and the quarterly report on Form 10-Q filed November 14, 2023 and in subsequent quarterly and annual reports filed with the SEC. These filings or potential filings may identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements referred hereto. DTI undertakes no obligation to and accepts no obligation to release publicly any updates or revisions to any forward-looking statements or to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

Industry, Market Data and Partnerships: In this presentation, DTI relies on and refers to certain information and statistics regarding the markets and industries in which DTI competes. Such information and statistics are based on management's estimates and/or obtained from third-party sources, including reports by market research firms and company filings. While DTI believes such third-party information is reliable, there can be no assurance as to the accuracy or completeness of the indicated information. DTI has not independently verified the accuracy or completeness of the information provided by the third-party sources.

This presentation contains descriptions of certain key business partnerships of DTI. These descriptions are based on DTI's management team's discussion with such counterparties, certain non-binding written agreements and the latest available information and estimates as of the date of this presentation.

Use of Projections: This presentation contains projected financial information with respect to DTI. Such projected financial information constitutes forward-looking information, is for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. Further, illustrative presentations are not necessarily based on management's projections, estimates, expectations or targets but are presented for illustrative purposes only. DTI's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this presentation, and, accordingly, they did not express an opinion or provide any other form of assurance with respect thereto for the purpose of this presentation. The assumptions and estimates underlying such financial forecast information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive and other risks and uncertainties. See "Forward-Looking Statements" above. Actual results may differ materially from the results contemplated by the financial forecast information contained in this presentation, and the inclusion of such information in this presentation is not intended, and should not be regarded, as a representation by any person that the results reflected in such forecasts will be achieved. Further, the metrics referenced in this presentation regarding select aspects of DTI's operations were selected by DTI on a subjective basis. Such metrics are provided solely for illustrative purposes to demonstrate elements of DTI's business, are incomplete and are not necessarily indicative of DTI's performance or future performance or overall operations. There can be no assurance that historical trends will continue. Any investment in DTI's common stock entails a high degree of risk. No assurance can be given that investors will receive a return on their capital, and investors could lose part or all of their investment.

Non-GAAP Financial Measures: This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including, but not limited to: Adjusted EBITDA, Adjusted Free Cash Flow, and certain ratios and other metrics derived therefrom. Note that other companies may calculate these non-GAAP financial measures differently, and, therefore, such financial measures may not be directly comparable to similarly titled measures of other companies. Further, these non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing DTI's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income (loss), net cash (used in) provided by operating activities or other measures of profitability, liquidity or performance under GAAP. You should be aware that DTI's presentation of these measures may not be comparable to similarly titled measures used by other companies. DTI believes these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to DTI's results of operations. DTI believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in DTI, and in comparing DTI's financial measures with those of other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgment by management about which items of expense and income are excluded or included in determining these non-GAAP financial measures. Please refer to footnotes where presented on each page of this presentation or to the tables herein for a reconciliation of these measures to what DTI believes are the most directly comparable measure evaluated in accordance with GAAP. Reconciliation of historical non-GAAP measures to comparable GAAP measures are provided in the Appendix. This presentation also includes certain projections of non-GAAP financial measures. Reconciliation of these items to net income include gains or losses on sale or consolidation transactions, accelerated depreciation, impairment charges, gains or losses on retirement of debt, variations in effective tax rate and fluctuations in net working capital, which are difficult to predict and estimate and are primarily dependent on future events.

Rounding: Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Certain other amounts that appear in this presentation may not sum due to rounding.

Trademarks: This presentation contains trademarks, service marks, trade names and copyrights of DTI and other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this presentation may be listed without the TM, SM, © or ® symbols, but DTI will assert, to the fullest extent under applicable law, the rights of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights. Further, third-party logos included in this presentation may represent past or present vendors or suppliers of materials and/or products to DTI for use in connection with its business or may be provided simply for illustrative purposes only. Inclusion of such logos does not necessarily imply affiliation with or endorsement by such firms or businesses. There is no guarantee that DTI will work, or continue to work, with any of the firms or businesses whose logos are included herein in the future.

DTI is a Leading Rental Provider of Mission Critical Drilling Tools

A platform developed and designed to keep up with ever-changing customer needs

65,000+

DTI manages & maintains a fleet of over 65,000 rental tools and drilling equipment

Global

DTI has sales and distribution channels across North America, Europe and the Middle East

~40 years

DTI's history began in 1984 with the founding of Directional Rentals, an equipment provider to offshore drillers

5 Product Lines

DTI's differentiated product lines include Directional Tool Rentals, Wellbore Optimization Tools, Premium Tools, Deep Casing Tools and Other Products

Broad Footprint

DTI operates from 16 service and support centers across North America and maintains 8 international service and support centers

Permian

DTI has extensive operations across the prolific Permian Basin

35,840 SF

DTI operates a 35,840 sq. ft. manufacturing & repair facility in Louisiana

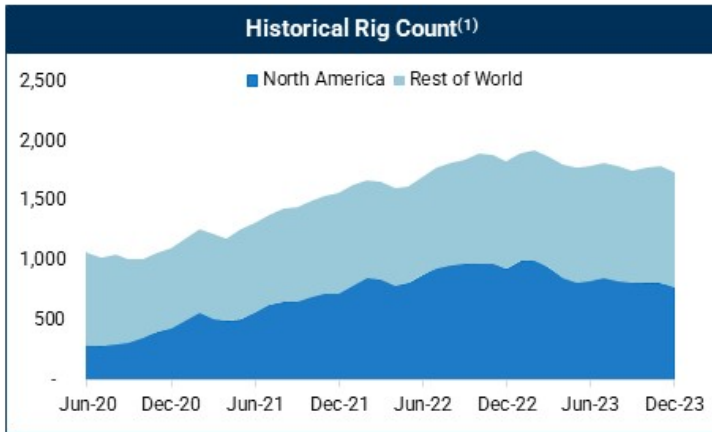
\$152 Million

DTI's 2023 revenue reflects broad scope and scale



Significant Industry Tailwinds & Supportive Macro Backdrop

A combination of commodity prices, rig count and capital spending creates a highly constructive market backdrop

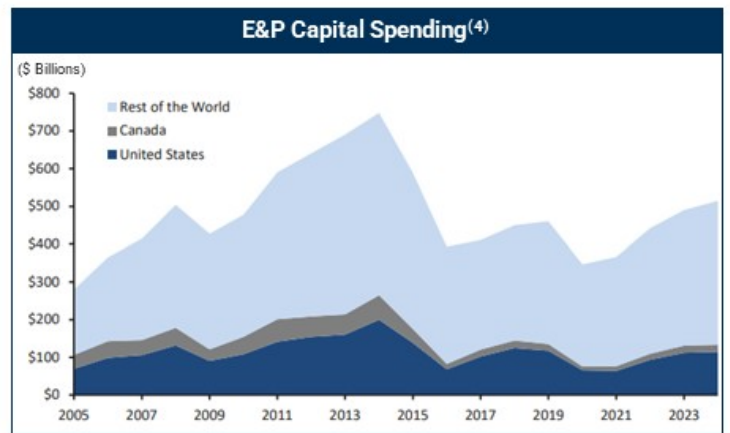
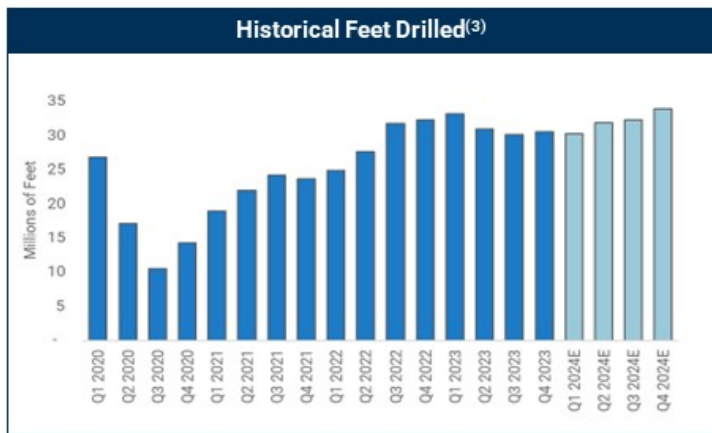


Industry Analysis⁽²⁾

Drilling Tools Market to Grow from \$7.85 Billion in 2023 to \$11.01 Billion by 2029.

Demand for High-Performance Drilling Tools Soars as Oil and Gas Companies Reshaping the Market Expansion.

- Arizton Advisory and Intelligence



1) Baker Hughes

2) Arizton Advisory and Intelligence

3) Spears Directional Drilling Market Report – Q4 2023. Only includes number of feet drilled through reservoir rock, excludes vertical part of well

4) Evercore ISI 2024 Global E&P Spending Outlook

2024 Financial Outlook

Poised for continued organic and inorganic growth

- ✓ DTI expects North American rig count to remain relatively flat throughout 2024, after a 20% decline in 2023
- ✓ FY 2024 guidance includes estimated contributions from Deep Casing Tools
- ✓ Guidance below **does not** include Superior Drilling Products. DTI will update guidance for estimated contributions from SDP once the deal closes.

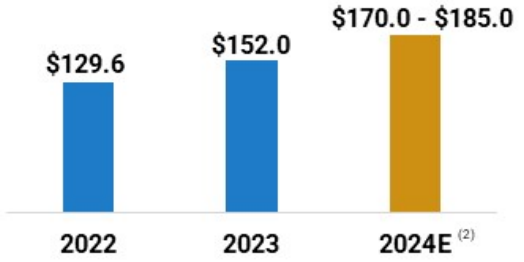
Key Guidance Summary

(\$ thousands)	FY 2024 Guidance		
Revenue	\$170,000	-	\$185,000
Adjusted EBITDA ⁽¹⁾	\$50,000	-	\$58,500
Net Income	\$15,000	-	\$21,000
Adjusted Free Cash Flow ⁽¹⁾⁽²⁾	\$20,000	-	\$25,500

Sustainable Growth – Executing on Plan

Revenue

(\$ in millions)



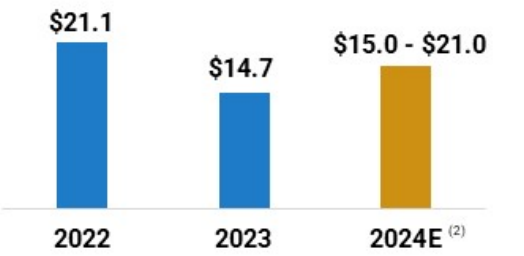
Adjusted EBITDA ⁽¹⁾

(\$ in millions)



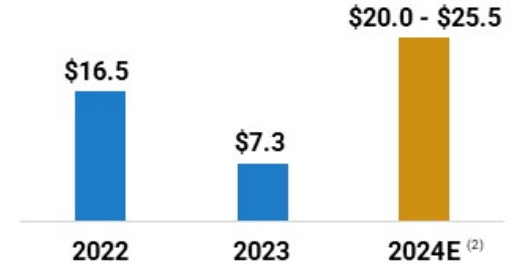
Net Income

(\$ in millions)



Adjusted Free Cash Flow ⁽¹⁾

(\$ in millions)

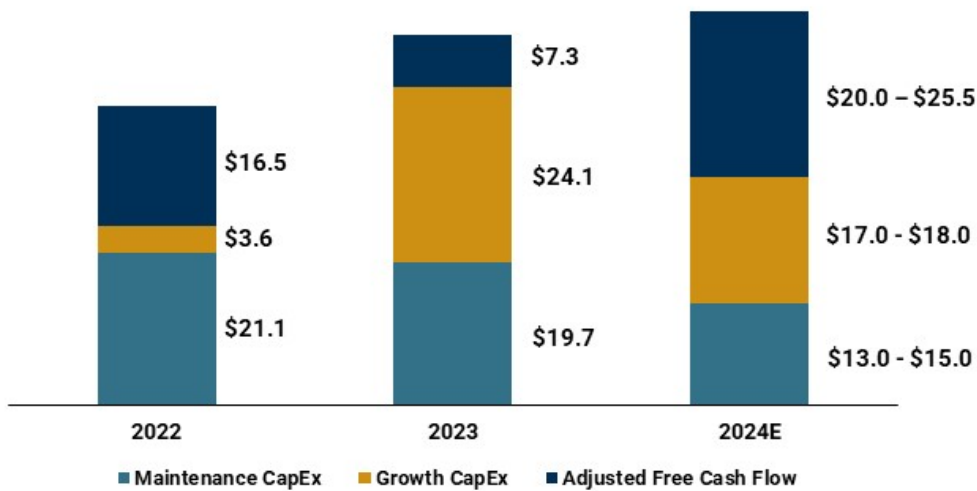


Components of Adjusted EBITDA

Increased Growth Capital spending in 2023 now supports stronger Adj. Free Cash Flow in 2024+

Smart Capital Expenditures

(\$Millions)



	2022	2023	2024E
% Maintenance CapEx % of Revenue ⁽²⁾	16%	13%	~8%
Growth CapEx % of Revenue ⁽²⁾	3%	16%	~10%
Adj. Free Cash Flow % of EBITDA ⁽¹⁾	40%	14%	40%-44%

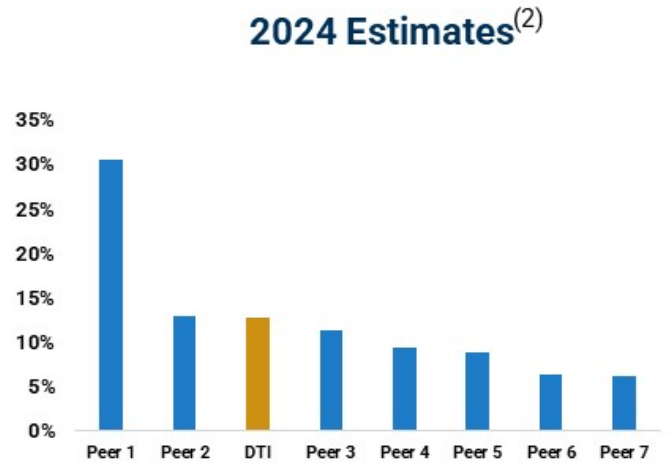
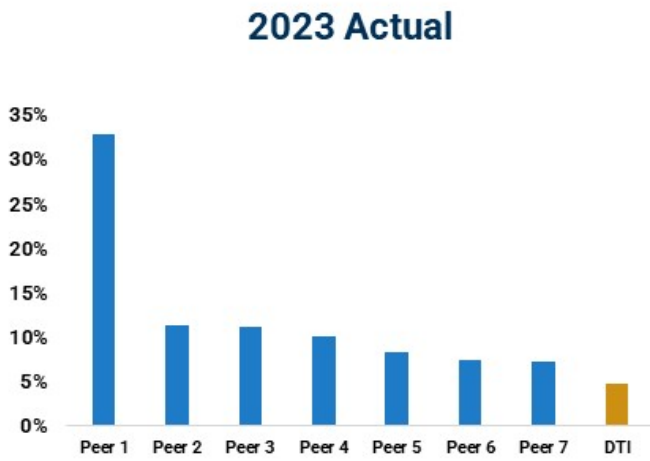
Commentary

Adj. Free Cash Flow⁽¹⁾ can be directly influenced by Growth CapEx strategy

Growth CapEx is company funded and increased as a percentage of revenue in 2023 which supports stronger 2024+ adj. free cash flow

Maintenance CapEx is funded by tool recovery revenue and is relatively steady-state as a percentage of total revenue

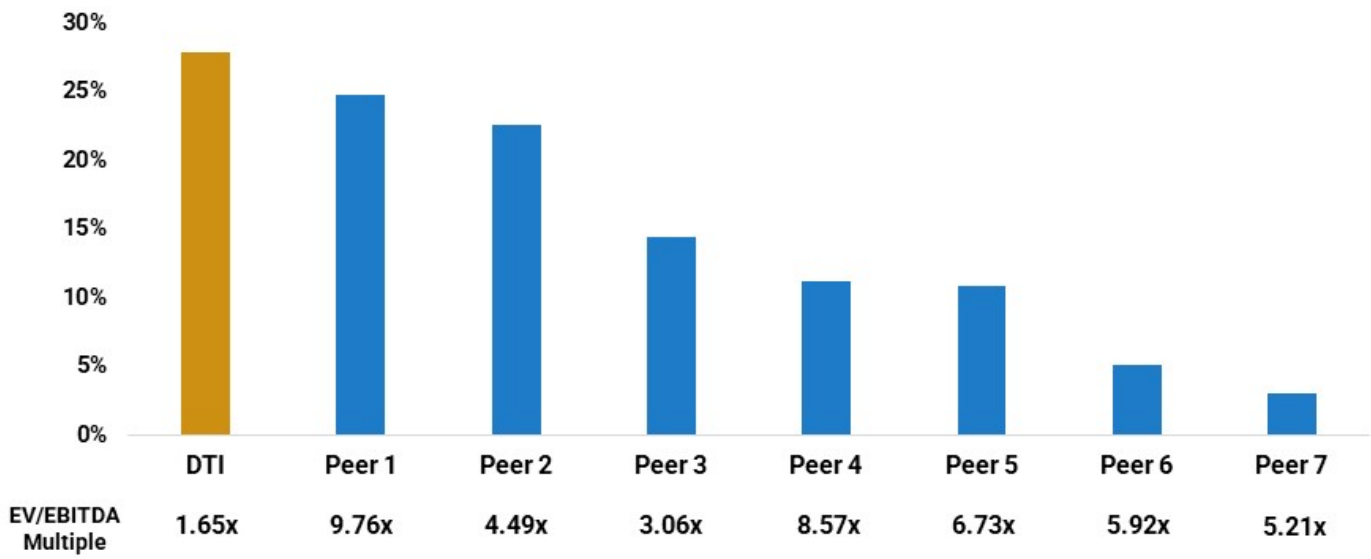
Peer Adj. Free Cash Flow Margin⁽¹⁾ Comparisons



Tool recovery revenue, also known as lost or damaged equipment charges, allows DTI to sustain its fleet, maintain relevant tools and technology, and generate positive adjusted free cash flow throughout industry cycles.

Peer Leading Return on Capital Employed (ROCE)

2023 Actual





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About Us

A Market Leader in Downhole Tools for the Oil & Gas Industry

A highly competitive suite of differentiated products

Core Product and Service Offering



Directional Tools Rental

61% of 2023 Revenue

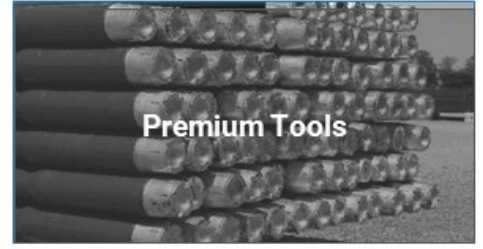
- Rental tools used in bottom hole assemblies ("BHA") adjacent to the drill bit
- More than 30 categories of tools



Wellbore Optimization Tools

17% of 2023 Revenue

- Drill-N-Ream™, a proprietary and patented wellbore conditioning tool
- Distributor of specialty roller reamers
- Emerging products in 2024 will include RotoSteer™



Premium Tools

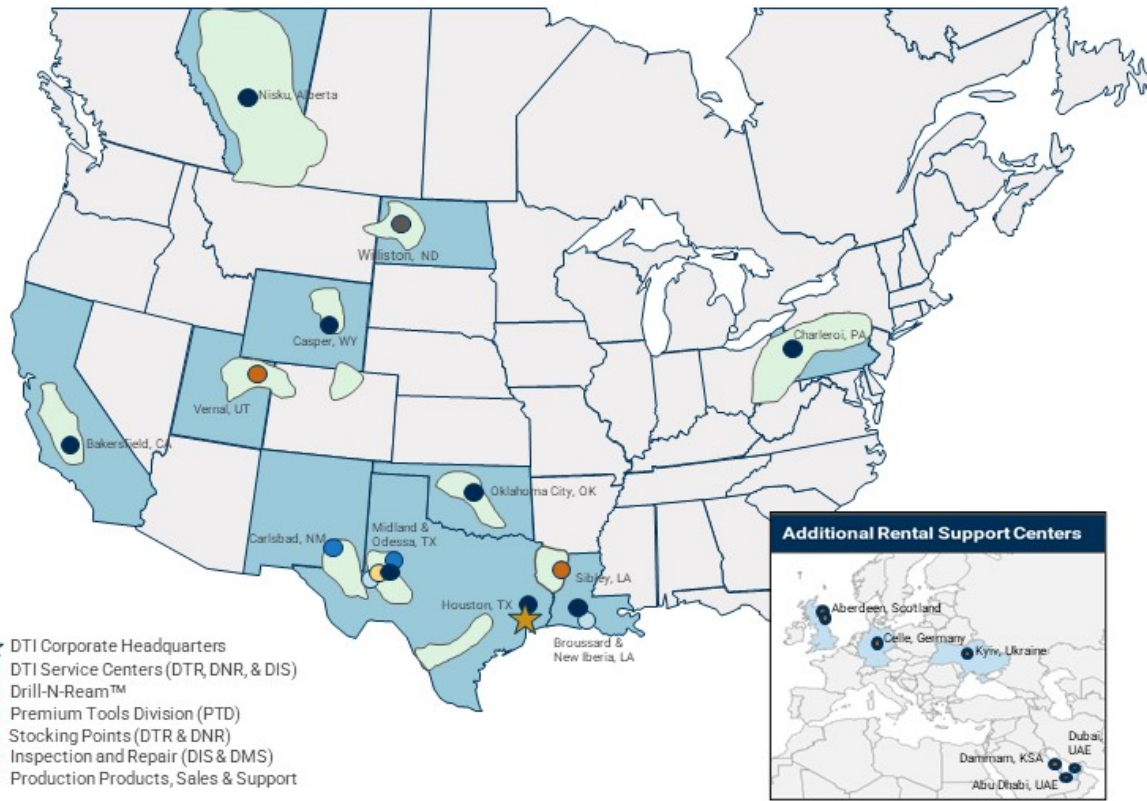
19% of 2023 Revenue

- Offers tubulars for drilling, workover and completion operations
- Complete inventory of necessary handling tools for running workstrings
- Blowout preventers and related pressure control accessories

**Market Leading Tool Rental Share of over 50% within North American land drilling rigs.
A market leader in the deep-water Gulf of Mexico.
Expanding geographic opportunities in International market.**

Presence Across All Major Basins in North America

Expanding footprint in Europe, Middle East, North Africa & Asia



- ★ DTI Corporate Headquarters
- DTI Service Centers (DTR, DNR, & DIS)
- Drill-N-Ream™
- Premium Tools Division (PTD)
- Stocking Points (DTR & DNR)
- Inspection and Repair (DIS & DMS)
- Production Products, Sales & Support

65,000+
Tool Rental Fleet

5 Differentiated
Product Lines

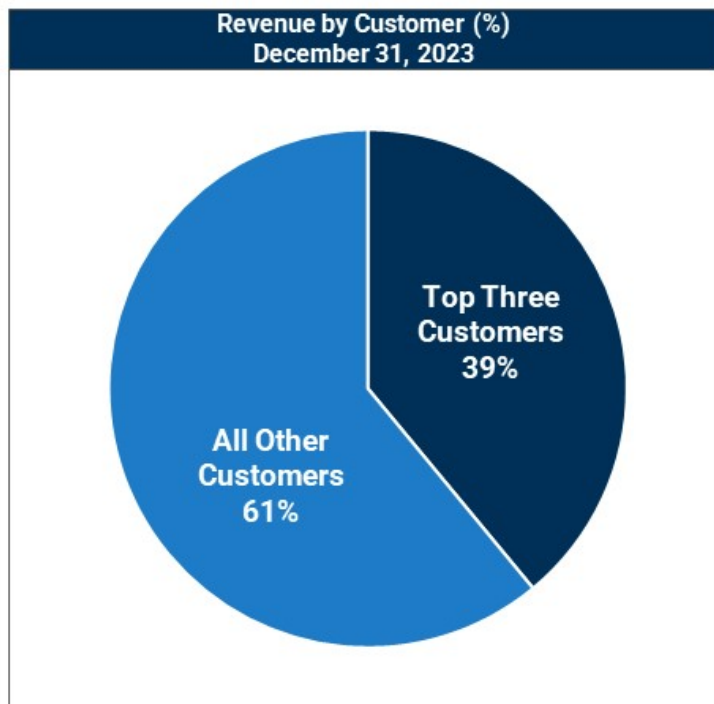
Global Services
Footprint including
all Major US Basins

16 Service and
Support Centers in
North America

8 International
Service and Support
Centers

Blue-Chip Customer Base Across E&Ps & OFS Companies

- ✓ First-call supplier for leading oilfield service providers in North America
- ✓ DTI has actively expanded its customer base to further diversify its customer mix



Executing Our Strategic Plan & Delivering Improved Results

DTI achievements since becoming a public company in June 2023

Reported 2023 growth; 17% y/y revenue & 24% y/y Adjusted EBITDA⁽¹⁾ growth

Entered into a definitive agreement to acquire Superior Drilling Products, Inc.

Acquired Deep Casing Tools

Improved liquidity and strengthened the balance sheet by extending the ABL Credit Facility to \$80 million from \$60 million maturing in March 2029

New term loan of \$25 million maturing in March 2029

Initiated substantial growth outlook for 2024 representing double digit revenue growth

Adjusted Free Cash Flow⁽¹⁾ expected to more than double in 2024

Why Do Customers Rent Downhole Tools?

Complex drilling, completions, and workover programs lead most operators and service providers to focus on core competencies while preferring to rely on third-parties for rental tool support. Operators prefer renting these tools to gain the benefits of:

Outsources Logistics, Inspection, Storage & Maintenance

Eliminates Equipment Redeployment Risk

Immediate Equipment Availability

Fill Equipment Supply Gaps

Focus Capex On Core Operations



Why rent from DTI?

Our Rental Offering Provides Customer Efficiency & Value-Additive Solutions

Key Operational Differentiators

Modern Manufacturing and Repair Facility

- ✓ Machine and repair equipment ensures product quality, increases product life and improves fleet utilization
- ✓ Ability to manufacture most of our rental tools enables cost reduction & control of supply chain



Raw Materials From Mill



DTI Manufacturing & Repair Facilities



Tools Added and/or Returned to Fleet



Tools Returned from Rental

Proprietary COMPASS* Order Management System

- ✓ COMPASS provides valuable information to DTI for making data-based capital allocation decisions

Unique, Proprietary Software and Support System

Full Catalog of Tools and Equipment

Expedites Order Process
Effective Pricing Controls

Customized, Automated, Accurate Reporting

Provides Customers Centralized Order Management

Transaction Data Analyzed for Strategic Fleet Management

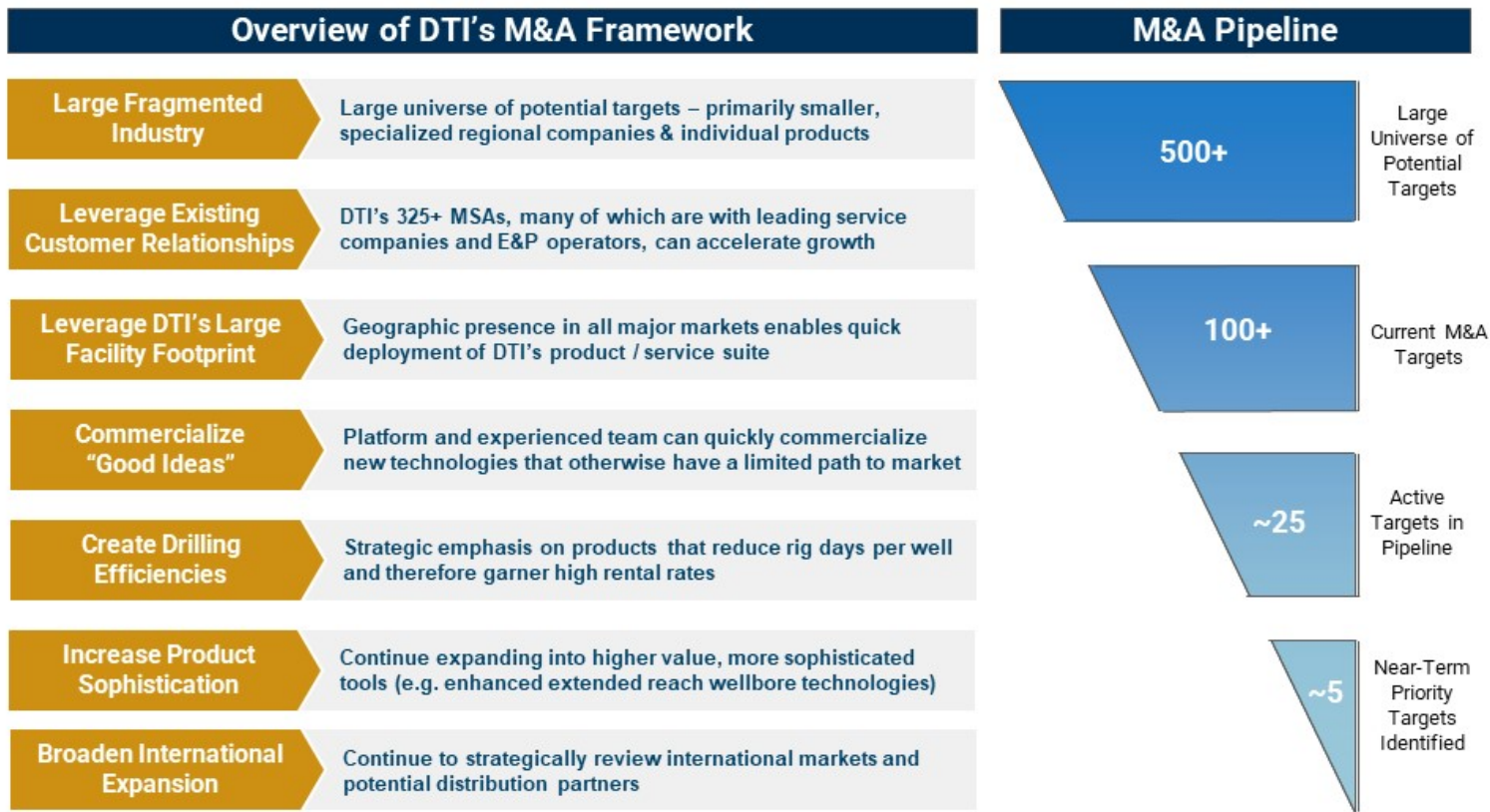
Organic Growth Drivers

- ✓ DTI scale, leveraging global footprint of distribution and sales channel
- ✓ Expanding scope of tools & services in existing product lines through technological advancements
- ✓ Further customer penetration, growing rentals due to expanded capabilities, new tools and services
- ✓ Growing customer base and gaining market share
- ✓ Favorable trend of longer laterals being drilled

Proprietary Examples: RotoSteer™ / Drill-N-Ream™ / SafeFloat™

M&A Growth Strategy: Significant Consolidation Upside

Established framework and robust pipeline to strategically consolidate the oilfield service rental tool industry



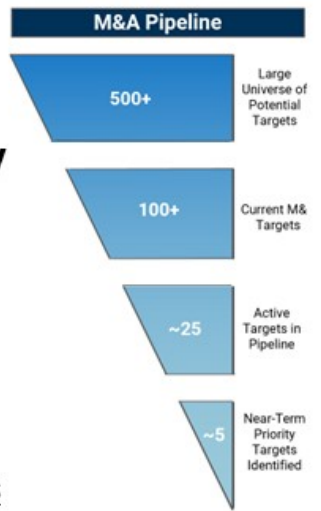
Strategic Rationale: Superior Drilling Products

✓ Enhances vertical integration of differentiated technology

- ✓ Cost savings on Drill-N-Ream™ tool
- ✓ Synergies - eliminates duplicative public company costs
- ✓ Adds significant precision manufacturing capacity

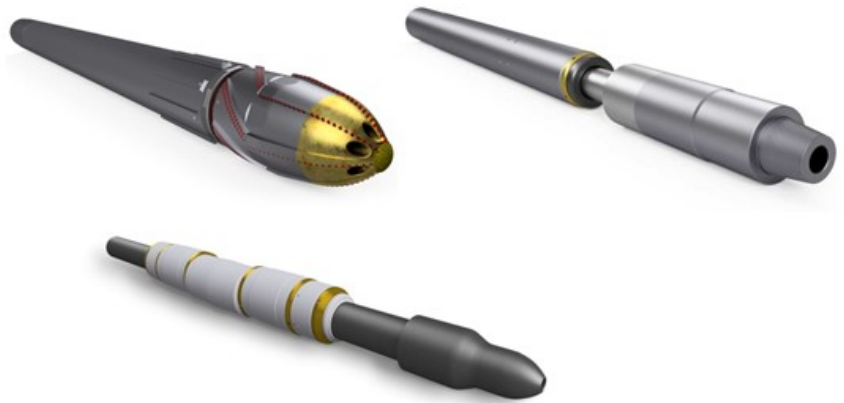
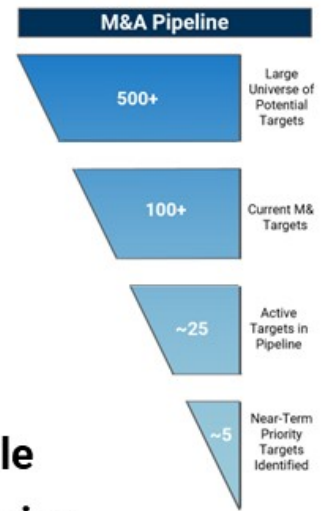
✓ Enhances horizontal opportunities

- ✓ Expands DTI's intellectual property portfolio by over **10 patents**
- ✓ Will own global rights to Drill-N-Ream tool
- ✓ Accelerate Drill-N-Ream growth opportunities world-wide
- ✓ Entrance into drill bit re-manufacture and repair business



Strategic Rationale: Deep Casing Tools

- ✓ **Adds to DTI's technology platform**
 - ✓ Expands intellectual property portfolio by over **60 patents**
- ✓ **Adds strong international customer relationships**
 - ✓ ADNOC / ARAMCO / PEMEX / PETROBRAS / PETRONAS
- ✓ **Accretive to DTI's earnings and Adj. Free Cash Flow profile**
- ✓ **Opportunity to expand Deep Casing products into N. America**



The DTI Leadership Team – Experience Matters!

Experienced, talented, and committed management team with history of success



Wayne Prejean
President & Chief
Executive Officer



David Johnson
Chief Financial
Officer



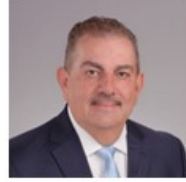
Mike Domino
President, Directional Tool
Rentals Division



Veda Ragsdill
VP, Human Resources



Trent Pope
VP, Wellbore Optimization Group



Aldo Rodriguez
VP, Sales



Ashley Lane
VP, International Business
Development



Jim Rowell
VP, Premium Tools



David Cotten
VP, QHSE and Technical
Services



Christian Middleton
VP, Finance



Jameson Parker
VP, Corporate
Development

DTI's Differentiated Growth Strategy Creates a Compelling Investment Profile

A Market Leader in Downhole Tools for the Oil & Gas Industry

Blue Chip Customers

Strategic Model Delivering Through-Cycle Outperformance

Proven Growth: Organic & M&A in Fragmented Industry

Strong Balance Sheet / Low Leverage / Significant Free Cash Flow

Experienced and Proven Leadership Team

Sustainable Financial Growth Outlook



DRILLING TOOLS[®]
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Supplemental Information

ESG + Safety Are Integral to Our Success

DTI is committed to environmental stewardship



- ✓ Continuous evaluations and control measures to ensure minimization of waste
- ✓ Pursuing highest levels of operational proficiency to reduce rework, and use of chemicals and waste
- ✓ Actively promoting recycling including extensive rental tool recycling and refurbishment programs & opportunities to redeploy equipment for energy transition markets such as geothermal, carbon capture and storage



- ✓ Identify and control exposures to limit potential injury and production interruptions or damages
- ✓ Continual contributions to local community events, charities and employee activities

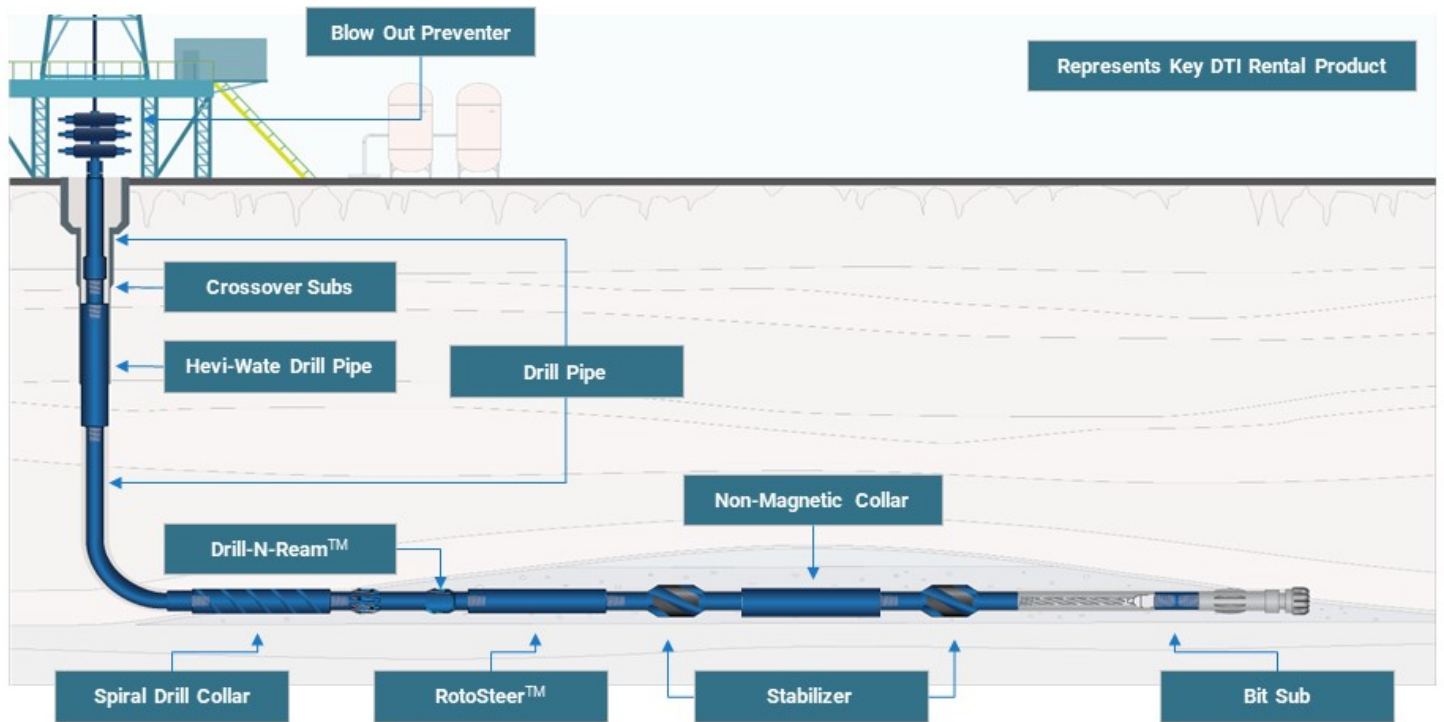


DTI's leadership is focused on deriving long-term value for all stakeholders by:

- ✓ Executive accountability through the election of an independent board⁽¹⁾
- ✓ Strong internal controls

Expansive Offering to Supply Drilling Tools Required in a Typical Job

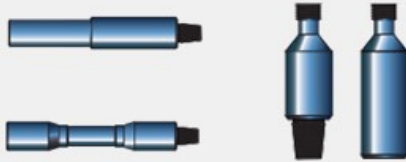
Differentiated and extensive inventory of tools to address the wide-ranging needs of oil & gas customers across all regions



Overview of Directional Tool Rentals Key Equipment



Subs and Other Equipment



Variety of subs, crossovers and handling tools used in the drill string

Stabilizers



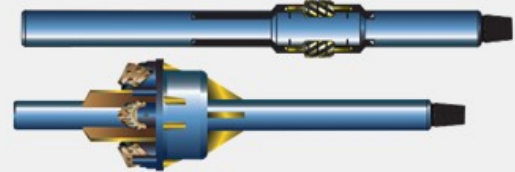
Reduces drill string vibration and torque...

Drill Collars



Adds weight to the BHA to increase rate of penetration ("ROP") and reduce vibration...

Roller Reamers / Hole Openers



Enlarges and conditions wellbore...

Overview of Wellbore Optimization Tools

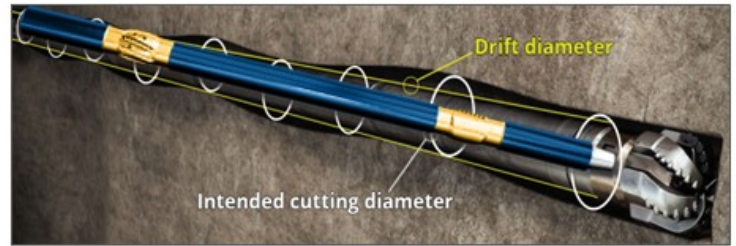
Specialty tools division with focused field sales and service professionals providing rig site visits and customer service, enabling consistent product performance and customer satisfaction

Products Offered

Substantial Improvements in Wellbore Quality

Drill-N-Ream™ ("DNR") WellBore Conditioning Tool⁽¹⁾

- Patented technology allows the tool to maintain a market leading position
- Numerous benefits to the customer
- Allows operators to extend length of wellbore at a lower cost



Emerging Technology "RotoSteer™"

- 2023: Commercially launched
- Improves ROP, reduces torque and drag and eliminates slides
- Potential application for hundreds of wells annually

ROTOSTEER™



Overview of Premium Tools Key Equipment

DTI offers a wide array of premium tubulars for drilling, workover and completion operations, API blowout preventers and pressure control accessories as well as a comprehensive suite of related handling tools

Tubulars



- **Drill Pipe** – 2 7/8 to 5 1/2 inch API bottleneck, slim-hole, API, proprietary double shoulder-high torque connections
- **Hevi-Wate Drill Pipe** – 3 1/2 to 5 1/2 inch API bottleneck, slim-hole, API, proprietary double shoulder-high torque connections
- **Drill Collars** – 3 1/8 to 9 1/2 steel spiral and slick
- **Kellys** – hex or square from 38 to 46 inch
- **Pup Joints** – drill pipe and tubing
- **Tubing** – premium PH-6, CS-8 and API 8Rd with thread from 2 3/8 to 4 1/2

Handling Tools



- **Stabbing Guides** – for tubing and drill pipe
- **Drifts** – for all pipe sizes (Teflon, steel and aluminum)
- **Rotary Slips** – for tubing, casing, drill pipe and drill collars
- **Safety Clamps** – for pipe and collars
- **Manual Tongs** – K-25 to K-70 hand tongs and HT-200 manual rotary tongs
- **Elevators** – slip grip, bottleneck and bushing types
- **Subs** – TDS, wear, float, X-over, bit, lift and pump-ins

API BOPs and Pressure Control Accessories



- **Blowout Preventers** – 5M, 10M and 15M psi
- **Accumulators** – diesel, electric and air powered
- **Hoses** – high pressure, fire retardant and steel flex
- **Spools** – spacers, adaptors and diverters
- **Double Studded Adaptors**
- **Gate Valves** – manual, hydraulic and air actuated
- **Chokes** – manual adjustable and fixed orifice
- **Manifolds** – skid mounted custom buffers assembled to specification
- **Flanged Accessories** – tees, crosses (flanged and studded)
- **Stud Bolts** – B7M H₂S service
- **Chicksan Iron** – loops, swivel joints and pups

Other Products and Services

Products Offered

Downhole Inspection Solutions

- Independent inspection services equipment of all DTI divisions and select external customers
- Critical to efficient operations
- Services across North America including network of six domestic and one Canadian inspection facilities

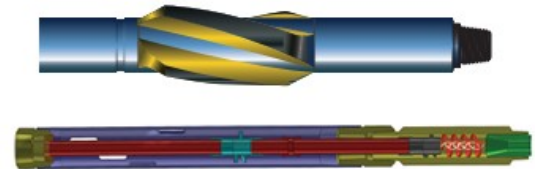
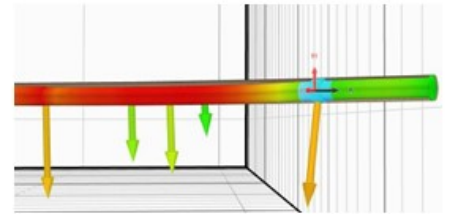
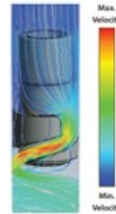
Technical Services Group

- Sustaining engineering
- Performance analysis
- Product development
- Technical support to quality assurance

Product Sales

- Made-to-order downhole drilling tools
- Completion and production Product Sales
- Production desander tool operations
- Williston, ND manufacturing and distribution facility

Internal Support Services and Emerging Products



2023 Income Statement

Drilling Tools International Corp.
Consolidated Statement of Operations and Comprehensive Income
(In thousands of U.S. dollars and rounded)
(Unaudited)

	Twelve Months Ended December 31,	
	2023	2022
Revenue, net:		
Tool rental	\$ 119,239	\$ 99,018
Product sale	32,795	30,538
Total revenue, net	152,034	129,556
Operating costs and expenses:		
Cost of tool rental revenue	30,960	27,581
Cost of product sale revenue	4,559	5,423
Selling, general, and administrative expense	68,264	51,566
Depreciation and amortization expense	20,352	19,709
Total operating costs and expenses	124,135	104,279
Operating income	27,899	25,277
Other expense, net:		
Interest expense, net	(1,103)	(477)
Gain on sale of property	101	127
Loss on asset disposal	(489)	—
Unrealized gain (loss) on equity securities	(255)	234
Other expense, net	(6,359)	(384)
Total other expense, net	(8,105)	(500)
Income before income tax expense	19,794	24,777
Income tax expense	(5,046)	(3,698)
Net income	\$ 14,748	\$ 21,080
Accumulated dividends on redeemable convertible preferred stock	314	1,189
Net income available to common shareholders	\$ 14,434	\$ 19,891
Basic earnings per share	\$ 0.67	\$ 1.66
Diluted earnings per share	\$ 0.59	\$ 1.07
Basic weighted-average common shares outstanding*	21,421,610	11,951,137
Diluted weighted-average common shares outstanding*	25,131,010	19,677,507
Comprehensive income:		
Net income	\$ 14,748	\$ 21,080
Foreign currency translation adjustment, net of tax	(114)	173
Net comprehensive income	\$ 14,634	\$ 21,253

* Shares of legacy redeemable convertible preferred stock and legacy common stock have been retroactively restated to give effect to the Merger

Fourth Quarter 2023 Income Statement

Drilling Tools International Corp.
Consolidated Statement of Operations and Comprehensive Income
(In thousands of U.S. dollars and rounded)
(Unaudited)

	Three Months Ended December 31,	
	2023	2022
Revenue, net:		
Tool rental	\$ 28,600	\$ 28,741
Product sale	6,589	7,919
Total revenue, net	35,189	36,660
Operating costs and expenses:		
Cost of tool rental revenue	7,175	7,003
Cost of product sale revenue	904	1,638
Selling, general, and administrative expense	17,265	15,142
Depreciation and amortization expense	5,317	4,927
Total operating costs and expenses	30,661	28,710
Operating income	4,528	7,950
Other expense, net:		
Interest expense, net	(108)	(436)
Gain on sale of property	33	20
Loss on asset disposal	(489)	—
Unrealized gain (loss) on equity securities	(107)	309
Other expense, net	(189)	(175)
Total other expense, net	(860)	(282)
Income before income tax expense	3,668	7,668
Income tax expense	155	(851)
Net income	\$ 3,823	\$ 6,817
Accumulated dividends on redeemable convertible preferred stock	—	306
Net income available to common shareholders	\$ 3,823	\$ 6,511
Basic earnings per share	\$ 0.13	\$ 0.54
Diluted earnings per share	\$ 0.13	\$ 0.35
Basic weighted-average common shares outstanding*	29,768,568	11,951,137
Diluted weighted-average common shares outstanding*	29,768,568	19,677,507
Comprehensive income:		
Net income	\$ 3,823	\$ 6,817
Foreign currency translation adjustment, net of tax	3	259
Net comprehensive income	\$ 3,826	\$ 7,076

* Shares of legacy redeemable convertible preferred stock and legacy common stock have been retroactively restated to give effect to the Merger.

2023 Balance Sheet

Drilling Tools International Corp.
Consolidated Balance Sheets
(In thousands of U.S. dollars and rounded)
(Unaudited)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 6,003	\$ 2,352
Accounts receivable, net	29,929	28,998
Inventories, net	5,034	3,281
Prepaid expenses and other current assets	4,553	4,581
Investments - equity securities, at fair value	888	1,143
Total current assets	46,408	40,155
Property, plant and equipment, net	65,800	44,154
Operating lease right-of-use asset	18,786	20,037
Intangible assets, net	216	263
Deferred financing costs, net	409	226
Deposits and other long-term assets	879	383
Total assets	\$ 132,498	\$ 105,218
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 7,751	\$ 7,281
Accrued expenses and other current liabilities	10,579	7,299
Current portion of operating lease liabilities	3,958	3,311
Revolving line of credit	—	18,349
Total current liabilities	22,288	36,240
Operating lease liabilities, less current portion	14,893	16,691
Deferred tax liabilities, net	6,627	3,185
Total liabilities	43,808	56,116
Commitments and contingencies (See Note 14)		
Redeemable convertible preferred stock		
Series A redeemable convertible preferred stock*, par value \$0.01; nil shares and 30,000,000 shares authorized at December 31, 2023 and December 31, 2022, respectively; nil shares and 6,719,641 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	—	17,878
Shareholders' equity		
Common stock*, par value \$0.0001; 500,000,000 shares and 65,000,000 shares authorized at December 31, 2023 and December 31, 2022, respectively; 29,768,568 shares and 11,951,137 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	3	1
Preferred stock, par value \$0.0001; 10,000,000 and nil shares authorized at December 31, 2023 and December 31, 2022, respectively; nil shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	—	—
Additional paid-in-capital	95,218	52,388
Accumulated deficit	(6,306)	(21,054)
Less treasury stock, at cost; nil shares at December 31, 2023 and December 31, 2022	—	—
Accumulated other comprehensive loss	(225)	(111)
Total shareholders' equity	88,690	31,224
Total liabilities, redeemable convertible preferred stock and shareholders' equity	\$ 132,498	\$ 105,218

* Shares of legacy redeemable convertible preferred stock and legacy common stock have been retroactively restated to give effect to the Merger

2023 Cash Flow Statement

Drilling Tools International Corp.
Consolidated Statement of Cash Flows
(In thousands of U.S. dollars and rounded)
(Unaudited)

	Twelve Months Ended December 31,	
	2023	2022
Cash flow from operating activities:		
Net income	\$ 14,748	\$ 21,080
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	20,352	19,709
Amortization of deferred financing costs	139	94
Amortization of debt discount	—	58
Non-cash lease expense	4,515	4,139
Provision for excess and obsolete inventory	75	45
Provision for excess and obsolete property and equipment	122	510
Losses and disposal	489	—
Bad debt expense	117	307
Deferred tax expense	5,445	1,090
Gain on sale of property	(161)	(127)
Unwind (gain) loss on equity securities	255	(234)
Unwind (gain) loss on interest rate swap	—	(1,423)
Rebuild loss on interest rate swap	4	—
Gross profit from sale of lease-to-own equipment	(16,686)	(16,815)
Stock-based compensation expense	5,986	—
Change in operating assets and liabilities:		
Accounts receivable, net	(1,048)	(9,268)
Prepaid expense and other current assets	519	(5,476)
Inventories, net	(1,716)	(906)
Deposits and other long-term assets	(496)	17
Operational lease liabilities	(4,415)	(4,174)
Accrued expenses	(1,552)	(1,432)
Accrued expenses and other current liabilities	563	4,808
Net cash from operating activities	23,334	13,994
Cash flow from investing activities:		
Proceeds from sale of property and equipment	202	1,042
Purchase of property, plant, and equipment	(43,750)	(24,688)
Proceeds from sale of lease-to-own equipment	19,684	21,116
Net cash from investing activities	(23,864)	(12,530)
Cash flow from financing activities:		
Proceeds from Merger and PIPE financing, net of transaction costs	23,162	—
Payment of deferred financing costs	(324)	(251)
Proceeds from revolving line of credit	75,050	108,594
Payments on revolving line of credit	(91,399)	(116,476)
Payments on long-term debt	—	(1,000)
Payments on financial lease	—	(10)
Payments to holders of DTIC redeemable convertible preferred stock in connection with retiring their DTIC stock on the Merger	(194)	—
Net cash from financing activities	7,405	(9,137)
Effect of Changes in Foreign Exchange Rate	(114)	173
Net Change in Cash	5,651	2,500
Cash at Beginning of Period	2,352	52
Cash at End of Period	\$ 8,003	\$ 2,552
Supplemental cash flow information:		
Cash paid for interest	\$ 1,174	\$ 580
Cash paid for income taxes	\$ 182	\$ 21
Non-cash investing and financing activities:		
ROU assets obtained in exchange for lease liabilities	\$ 5,264	\$ 7,907
Purchases of inventory included in accounts payable and accrued expenses and other current liabilities	\$ 681	\$ 79
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities	\$ 1,422	\$ 372
Non-cash dividends and offsetting insurance	\$ 692	\$ —
Non-cash Merger financing	\$ 2,000	\$ —
Exchange of DTIC redeemable convertible preferred stock for DTIC Common Stock in connection with Merger	\$ 7,193	\$ —
Issuance of DTIC Common Stock to former holders of DTIC redeemable convertible preferred stock in connection with Exchange Agreement	\$ 10,905	\$ —
Acquisition of redeemable convertible preferred stock to redemption value	\$ 394	\$ 1,199

Reconciliation of 2023 Adjusted EBITDA

Drilling Tools International Corp.
Reconciliation of GAAP to Non-GAAP Measures (Unaudited)
(In thousands of U.S. dollars and rounded)

	Twelve Months Ended December 31,	
	2023	2022
Net income	\$ 14,748	\$ 21,080
Add (deduct):		
Income tax expense	5,046	3,698
Depreciation and amortization	20,352	19,709
Interest expense, net	1,103	477
Stock option expense	1,661	—
Management fees	1,130	449
Gain on sale of property	(101)	(127)
Loss on asset disposal	—	—
Unrealized gain (loss) on equity securities	255	(234)
Transaction expense	5,979	—
ERC credit received	—	(4,272)
Other expense, net	380	384
Adjusted EBITDA	<u>\$ 51,042</u>	<u>\$ 41,163</u>

Reconciliation of Fourth Quarter 2023 Adjusted EBITDA

Drilling Tools International Corp.
Reconciliation of GAAP to Non-GAAP Measures (Unaudited)
(In thousands of U.S. dollars and rounded)

	Three Months Ended December 31,	
	2023	2022
Net income	\$ 3,823	\$ 6,817
Add (deduct):		
Income tax expense	(155)	851
Depreciation and amortization	5,317	4,927
Interest expense, net	108	436
Stock option expense	—	—
Management fees	357	155
Gain on sale of property	(33)	(20)
Loss on asset disposal	489	—
Unrealized gain (loss) on equity securities	107	(309)
Transaction expense	16	—
ERC credit received	—	—
Other expense, net	173	175
Adjusted EBITDA	<u>\$ 10,202</u>	<u>\$ 13,032</u>

Reconciliation of 2023 Adjusted Free Cash Flow

Drilling Tools International Corp.
Reconciliation of GAAP to Non-GAAP Measures (Unaudited)
(In thousands of U.S. dollars and rounded)

	Twelve Months Ended December 31,	
	2023	2022
Net income	\$ 14,748	\$ 21,080
Add (deduct):		
Income tax expense	5,046	3,698
Depreciation and amortization	20,352	19,709
Interest expense, net	1,103	477
Stock option expense	1,661	—
Management fees	1,130	449
Gain on sale of property	(101)	(127)
Loss on asset disposal	489	—
Unrealized gain (loss) on equity securities	255	(234)
Transaction expense	5,979	—
ERC credit received	—	(4,272)
Other expense, net	380	384
Gross capital expenditures	(43,750)	(24,688)
Adjusted Free Cash Flow	<u>\$ 7,292</u>	<u>\$ 16,476</u>

Reconciliation of Fourth Quarter 2023 Adjusted Free Cash Flow

Drilling Tools International Corp.
Reconciliation of GAAP to Non-GAAP Measures (Unaudited)
(In thousands of U.S. dollars and rounded)

	Three Months Ended December 31,	
	2023	2022
Net income	\$ 3,823	\$ 6,817
Add (deduct):		
Income tax expense	(155)	851
Depreciation and amortization	5,317	4,927
Interest expense, net	108	436
Stock option expense	—	—
Management fees	357	155
Gain on sale of property	(33)	(20)
Loss on asset disposal	489	—
Unrealized gain (loss) on equity securities	107	(309)
Transaction expense	16	—
ERC credit received	—	—
Other expense, net	173	175
Gross capital expenditures	(6,974)	(8,453)
Adjusted Free Cash Flow	\$ 3,228	\$ 4,579

Reconciliation of 2024 Outlook

Drilling Tools International Corp.
Reconciliation of Estimated Consolidated Net Income to Adjusted EBITDA
(In thousands of U.S. dollars and rounded)
(Unaudited)

	Twelve Months Ended December 31, 2024	
	<u>Low</u>	<u>High</u>
Net Income	\$ 15,000	\$ 21,000
Add (deduct)		
Interest expense, net	2,000	2,300
Income tax expense	5,500	6,000
Depreciation and amortization	22,000	22,500
Management fees	600	1,000
Other expense	2,000	2,200
Stock option expense	2,100	2,300
Transaction expense	800	1,200
Adjusted EBITDA	\$ 50,000	\$ 58,500
Revenue	170,000	185,000
Adjusted EBITDA Margin	29%	32%

Reconciliation of 2024 Outlook

Drilling Tools International Corp.
Reconciliation of Estimated Consolidated Net Income to Adjusted Free Cash Flow
(In thousands of U.S. dollars and rounded)
(Unaudited)

	Twelve Months Ended December 31, 2024	
	Low	High
Net Income	\$ 15,000	\$ 21,000
Add (deduct)		
Interest expense, net	2,000	2,300
Income tax expense	5,500	6,000
Depreciation and amortization	22,000	22,500
Management fees	600	1,000
Other expense	2,000	2,200
Stock option expense	2,100	2,300
Transaction expense	800	1,200
Gross capital expenditures	(30,000)	(33,000)
Adjusted Free Cash Flow	\$ 20,000	\$ 25,500