



2025 Notice of Annual Meeting & Proxy Statement

May 21, 2025 | Houston, TX



April 4, 2025

Dear Stockholder:

You are cordially invited to attend the 2025 Annual Meeting of Stockholders of DNOW Inc., which will be held on Wednesday, May 21, 2025 at 10:00 a.m., local time, at the Company's corporate headquarters located at 7402 N. Eldridge Parkway, Houston, Texas 77041.

The accompanying notice of meeting and proxy statement contain information regarding the matters to be voted on at the meeting in the formal Notice of Meeting and Proxy Statement, which are included on the following pages of this booklet.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting, so please submit your proxy as soon as possible. You may vote by mailing a completed proxy card, by telephone, or over the Internet. If you so desire, you may withdraw your proxy and vote in person at the meeting.

Also included in this booklet as Appendix A is DNOW Inc.'s 2024 Annual Report on Form 10K, which we are distributing to the Company's stockholders in lieu of a separate annual report.

Thank you for your continued support of and interest in DNOW Inc.

Sincerely,

David Cherechinsky
President and Chief Executive Officer



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**NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS**

Wednesday, May 21, 2025
10:00 a.m. (Central Standard Time)

DNOW Inc.
7402 N. Eldridge Parkway
Houston, Texas 77041

The 2025 Annual Meeting of Stockholders (the “Annual Meeting”) of DNOW Inc. (the “Company”) will be held at the Company’s corporate headquarters located at 7402 N. Eldridge Parkway, Houston, Texas 77041 on Wednesday, May 21, 2025, at 10:00 a.m. local time, for the following purposes:

- To elect eight directors to hold office for one-year terms (**Proposal 1**);
- To consider and act upon a proposal to ratify the appointment of Ernst & Young LLP as independent auditors of the Company for 2025 (**Proposal 2**);
- To consider and act upon an advisory proposal to approve the compensation of our named executive officers (**Proposal 3**); and
- To consider and act upon any other matters that may properly come before the annual meeting or any postponement or adjournment thereof.

The Board of Directors recommends that you vote “FOR” these three proposals.

The Board of Directors has set March 24, 2025 as the record date for the Annual Meeting. If you were a stockholder of record at the close of business on March 24, 2025, you are entitled to vote at the Annual Meeting. A complete list of these stockholders will be available for examination during ordinary business hours at our corporate headquarters for a period of ten days prior to the Annual Meeting. The list will also be made available at the Annual Meeting for the duration of such meeting and may be inspected by any stockholder who is present at the Annual Meeting.

On or about April 4, 2025, a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2025 Proxy Statement and 2024 Annual Report on Form 10-K and how to vote online will be made available. The Notice also provides instruction on how you can request a paper copy of these documents if you desire. If you received your 2025 annual meeting materials via e-mail, the e-mail contains voting instructions and links to the Proxy Statement and Form 10-K online.

You are cordially invited to join us at the Annual Meeting. However, to ensure your representation, we request that you return your signed proxy card or complete voting online at your earliest convenience, regardless of whether or not you plan to attend the Annual Meeting. You may revoke your proxy at any time if you wish to attend and vote in person.

By Order of the Board of Directors,

Raymond Chang
Vice President, General Counsel and Secretary
April 4, 2025

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Wednesday, May 21, 2025. The Company’s 2025 Proxy Statement and the Annual Report to Stockholders for the year ended 2024 are also available at: <http://www.proxyvote.com>

Proxy Summary

This summary highlights information throughout our Proxy Statement. Please read this entire Proxy Statement carefully as this summary does not contain all information you should consider before voting.

ANNUAL SHAREHOLDERS MEETING	
Date and Time: May 21, 2025 10:00 a.m. Central Time	Notice Date: This Proxy Statement was first distributed to shareholders on or about April 4, 2025
Place: DNOW Inc. 7402 N. Eldridge Parkway Houston, TX 77041	Meeting Agenda: The meeting will cover the three proposals listed in the Agenda Items and Vote Recommendations herein as well as any other business that may properly come before the meeting.
Record Date: March 24, 2025	Voting: Shareholders as of the record date are entitled to vote. Each share of common stock of DNOW Inc. ("Company") is entitled to one vote for each director nominee and one vote for each proposal.
How to Vote Online: www.proxyvote.com	

The Company continued to be the leader within the upstream distribution energy market and saw expansion in both the midstream market and the Company's process solution segment with the additions of Whitco Supply and Trojan Rentals in 2024. These acquisitions show the Company's continued focus on inorganic growth through acquisitions by taking a patient and disciplined approach of targeting margin accretive businesses and expanding existing relationships and geographical customer service. The Company continued to be debt-free and produced results that fueled an organic growth and efficient operations strategy by driving significant free cash flow while producing solid revenue growth. The Company's commitment to repurchase shares opportunistically and a broadened capital allocation framework to generate attractive shareholder returns without deviating from a disciplined approach to balance sheet management continue to be drivers despite softer than hoped for market conditions. The Company's results show its cash generation capabilities and future earnings potential alongside its acquisition focus and share repurchases providing multiple avenues for shareholder value creation.



Agenda Items and Vote Recommendations

Proposal 1: Election of eight nominees as directors of the Company for one-year terms.



The Board believes that each director nominee brings a valuable set of skills, experience, and attributes to the boardroom that align with the long-term interests of the Company and its stockholders and contribute to the overall effectiveness of the Board as a whole.

The Board recommends that you vote **“FOR”** the eight director nominees.

See discussion beginning on Page 10

Proposal 2: Ratification of the appointment of Ernst & Young LLP as independent auditors of the Company for 2025.



The Board has appointed Ernst & Young to serve as DNOW’s independent registered public accounting firm for 2025 and this appointment is being submitted for ratification.

The Board recommends that you vote **“FOR”** the proposal to ratify the appointment of Ernst & Young.

See discussion beginning on Page 38

Proposal 3: Approval on an advisory basis, the compensation of our named executive officers.



The Board, specifically the Compensation Committee, has established a market-competitive executive compensation program with many best practices that is aligned with the long-term interests of our shareholders and significantly dependent on Company’s positive performance.

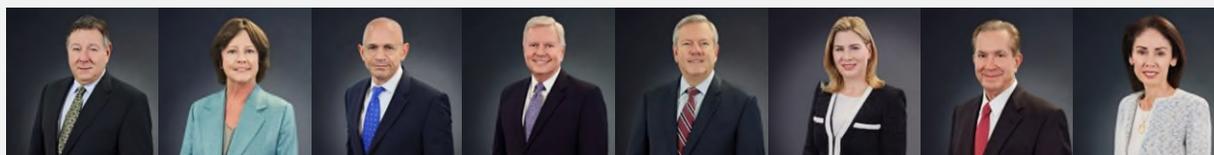
The Board recommends that you vote **“FOR”** the advisory proposal of the compensation of the Company’s named executive officers.

See discussion beginning on Page 42

2024 External Recognitions



Our Board at a Glance

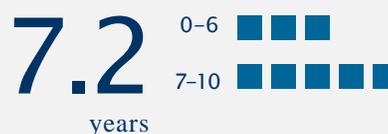


We are committed to and recognize the importance of good corporate governance and high ethical standards. Our Board believes that having a diverse mix of directors with complementary qualifications, expertise and attributes is essential to meeting its oversight responsibilities.

Effective & Independent Board Oversight

- ◆ Independent Chairman of the Board serving as lead director
- ◆ Executive sessions provided for all Board and committee meetings
- ◆ All committee chairs and members are independent
- ◆ Declassified where all directors are elected annually

Average Director Tenure



Average Director Age



Skills and Competencies



CEO/Former CEO (2)



Financial Expert (7)



Operations Leadership (5)



ESG Experience (8)



International Exposure (8)



Energy (8)



Process Solutions (3)



Distribution/Supply Chain (8)



Technology Systems (6)



Cybersecurity Experience (7)



Strategic Planning (8)



Business Transformation (8)

Other Corporate Governance Highlights

- ✓ Annual say on pay voting (95% approval in 2024)
- ✓ Stock ownership guidelines for officers including robust clawback policy to recover executive compensation
- ✓ Board engagement with CEO over management succession planning
- ✓ Annual Board and committee evaluations using a third-party facilitator
- ✓ Majority voting to elect board members
- ✓ In-depth strategic review with senior management analyzing risks and opportunities
- ✓ 5X stock ownership requirement of annual retainer for non-employee directors

* The charts above are representative of DNOW's Board composition as of April 4, 2025 unless otherwise noted.



DNOW Management Team Members. From Left to Right: Brad Wise, Kelly Munson, Mark Johnson, David Cherechinsky, Timm Bohnert, Clent Rawlinson, and Raymond Chang.

Defined Terms

401(k) Plan	DNOW Inc. 401(k) and Retirement Savings Plan
2024 LTIP	DNOW Inc. Long-Term Incentive Plan approved by stockholders in 2024
Annual Meeting	2025 Annual Meeting of Stockholders of DNOW Inc.
BlackRock	BlackRock, Inc.
Board	Board of Directors of DNOW Inc.
CCUS	Carbon Capture, Utilization and Storage
CD&A	Compensation Discussion and Analysis
CEO	Chief Executive Officer
Company	DNOW Inc.
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA) excluding other costs
ESG	Environmental, Social, and Governance
EY	Ernst & Young LLP
FCF	Free Cash Flow
GAAP	U.S. Generally accepted accounting principles
GHG	Greenhouse gas
Independent Chair	Chairman of the Board
NACD	National Association of Corporate Directors
NEO	Named executive officers
NFPCC	NFP Compensation Consulting
NWC	Net Working Capital
NYSE	New York Stock Exchange
PCAOB	Public Company Accounting Oversight Board
PEO	Principal executive officer
PEO 1	Mr. Cherechinsky served as our principal executive officer for a portion of 2020 and for the full year onward beginning in 2021
PEO 2	Mr. Alario served as our interim principal executive officer for a portion of 2020
PSA	Performance share award
RNG	Renewable natural gas
ROCE	Return on capital employed

RSU	Restricted stock unit
rTSR	Relative Total Shareholder Return
SASB	Sustainability Accounting Standards Board
SEC	U.S. Securities and Exchange Commission
Supplemental Plan	DNOW Inc. Supplemental Savings Plan
Tax Act	2017 Tax Cuts and Jobs Act, signed into law on December 22, 2017
TCFD	Task Force on Climate-Related Financial Disclosures
TSR	Total stockholder return
UN SDGs	United Nations Sustainable Development Goals
Working Capital	Working capital as a percentage of revenue
Zayla	Zayla Partners

Contacting the Board of Directors, Management, or the Corporate Secretary of DNOW

Please address your inquiry to:
Raymond Chang
VP, General Counsel and Secretary
7402 N. Eldridge Parkway
Houston, TX 77041

For Investor Relations:
Brad Wise
VP of Investor Relations and Digital Strategy
7402 N. Eldridge Parkway
Houston, TX 77041

Disclosure Statement

Statements made in the course of this Proxy Statement that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time-to-time in the Company's filings with the SEC. Any decision regarding the Company or its securities should be made upon careful consideration of not only the information here presented, but also other available information, including the information filed by the Company with the SEC. Copies of these filings may be obtained by contacting the Company or the SEC.

This Proxy Statement, including the Compensation Discussion and Analysis, contains financial measures presented on a non-GAAP basis. We use these non-GAAP financial measures internally to evaluate and manage the Company's operations because we believe it provides useful supplemental information regarding the Company's ongoing economic performance. The non-GAAP financial measures include: (i) earnings before interest, taxes, depreciation and amortization (EBITDA) excluding other costs, (ii) EBITDA excluding other costs as a percentage of revenue, (iii) net income attributable to DNOW Inc. excluding other costs, (iv) diluted earnings per share attributable to DNOW Inc. stockholders excluding other costs, and (v) free cash flow. The Company uses these non-GAAP financial measures to evaluate and manage the Company's operations because they believe they provide useful supplemental information regarding the financial performance of our business. These non-GAAP financial measures are not intended to replace the GAAP financial measures. Free cash flow is net cash provided by (used in) operating activities adjusted for purchases of property, plant and equipment. A reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure can be found on page 32 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, which was filed with the SEC on February 18, 2025. We undertake no duty to update any forward-looking statement that we may make, whether as a result of new information, future events, or otherwise except as may be required by applicable law. References herein to materials available on our website, including website links, are for informational purposes only and is not a part of, nor incorporated by reference into, this Proxy Statement.

DNOW INC.
7402 N. Eldridge Parkway
Houston, Texas 77041

PROXY STATEMENT

Except as otherwise specifically noted in this Proxy Statement, “DNOW,” the “Company,” “we,” “our,” “us,” and similar words in this Proxy Statement refer to DNOW Inc.

ANNUAL MEETING: Date: Wednesday, May 21, 2025
 Time: 10:00 a.m. (Central Standard Time)
 Place: DNOW Corporate Headquarters
 7402 N. Eldridge Parkway
 Houston, Texas 77041

AGENDA: Proposal 1: To elect eight nominees as directors of the Company for one-year terms.

 Proposal 2: To ratify the appointment of Ernst & Young LLP as independent auditors of the Company for 2025.

 Proposal 3: To approve, on an advisory basis, the compensation of our named executive officers.

The Board of Directors recommends that you vote “FOR” the election of the eight nominees for director (Proposal 1), “FOR” the proposal to ratify the appointment of Ernst & Young LLP as independent auditors of the Company for 2025 (Proposal 2), and “FOR” the approval of the compensation of our named executive officers (Proposal 3).

**RECORD DATE/
WHO CAN VOTE:** All stockholders of record at the close of business on March 24, 2025 are entitled to vote. The only class of securities entitled to vote at the Annual Meeting is DNOW common stock. Holders of DNOW common stock are entitled to one vote per share at the Annual Meeting.

PROXY NOTICE: Proxy Materials will be available to stockholders on or about April 4, 2025. Our Annual Report on Form 10-K, including financial statements for the fiscal year ended December 31, 2024, accompanies this Proxy Statement. The Annual Report on Form 10-K does not form any part of the proxy solicitation materials nor will be it considered as having been incorporated by reference.

PROXIES SOLICITED: Your vote and proxy is being solicited by the Board of Directors for use at the Annual Meeting. This Proxy Statement and enclosed proxy card is being sent on behalf of the Board of Directors to all stockholders as of the record date beginning on or about April 4, 2025. By completing, signing, and returning your proxy card, you will authorize the persons named on the proxy card to vote your shares according to your instructions.

PROXIES: If your proxy does not indicate how you wish to vote your common stock, the persons named on the proxy card will vote **FOR** election of

the eight nominees for director (**Proposal 1**), **FOR** the ratification of the appointment of Ernst & Young LLP as independent auditors (**Proposal 2**), and **FOR** the approval of the compensation of our named executive officers (**Proposal 3**).

REVOKING YOUR PROXY:

You can revoke your proxy at any time prior to when the vote is taken at the meeting by: (i) filing a written notice revoking your proxy; (ii) filing another proxy bearing a later date; or (iii) casting your vote in person at the Annual Meeting. Your last vote will be the vote that is counted.

QUORUM:

As of March 24, 2025, there were 108,823,368 shares of DNOW common stock issued and outstanding. The holders of these shares have the right to cast one vote for each share held by them. Shareholders, in person or by proxy, casting at least 54,411,684 votes constitutes a quorum for adopting the proposals at the Annual Meeting. Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining a quorum, as will broker non-votes. A broker non-vote occurs when a broker is not permitted to vote on a matter without instructions from the beneficial owner of the shares and no instruction is given. If you have properly signed and returned your proxy card, you will be considered part of the quorum, and the persons named on the proxy card will vote your shares as instructed.

VOTE REQUIRED FOR APPROVAL:

For the proposal to elect the eight director nominees (**Proposal 1**), our bylaws require that each director nominee be elected by the majority of votes cast with respect to such nominee (i.e. the number of shares voted **FOR** a director nominee must exceed the number of shares voted **AGAINST** that nominee). For additional information regarding our majority voting policy, see page 10 of the Proxy Statement. Broker non-votes and abstentions are not counted as votes cast for or against a director nominee and therefore will have no effect on this vote. **Brokers are not permitted to vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please provide your broker with voting instructions so that your vote can be counted.**

Approval of the proposal to ratify the appointment of Ernst & Young LLP as independent auditors (**Proposal 2**) and the proposal to approve the compensation of our named executive officers (**Proposal 3**) will require the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting. An abstention will have the same effect as a vote **AGAINST** for each such proposal. For Proposal 2, brokers are permitted to vote your shares in the absence of your specific instructions as to how to vote. With respect to Proposal 3, brokers are not permitted to vote your shares in the absence of your specific instructions as to how to vote. Please provide your broker with voting instructions so that your vote can be counted. Broker non-votes will have no impact on the outcome of Proposal 3.

HOUSEHOLDING:

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy

statements with respect to two or more stockholders sharing the same address by delivering a copy of these materials, other than the Proxy Card, to those stockholders. This process, which is commonly referred to as “householding,” can mean extra convenience for stockholders and cost savings for the Company. Beneficial stockholders can request information about householding from their banks, brokers, or other holders of record. Through householding, stockholders of record who have the same address and last name will receive only one copy of our Proxy Statement and Annual Report, unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. If an individual receives multiple proxy cards, this indicates that your shares are held in more than one account, such as two brokerage accounts, and are registered in different names. You should vote each of the proxy cards to ensure that all of your shares are voted.

Stockholders who participate in householding will continue to receive separate Proxy Cards. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Proxy Statement and Annual Report, please notify your broker if you are a beneficial stockholder. If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of Proxy Statements and Annual Reports, or if you hold stock in more than one account and wish to receive only a single copy of the Proxy Statement or Annual Report for your household, please contact Broadridge Householding Department, in writing, at 51 Mercedes Way, Edgewood, New York 11717, or by phone at (800) 542-1061.

COST OF PROXY SOLICITATION:

We have retained Okapi Partners LLC to solicit proxies from our stockholders at an estimated fee of \$12,500, plus expenses. This fee does not include the costs of preparing, printing, assembling, and delivering the Proxy Statement. The Company will pay for the cost of soliciting proxies. Some of our directors, officers, and employees may also solicit proxies personally, without any additional compensation, by telephone or mail. Proxy materials also will be furnished without cost to brokers and other nominees to forward to the beneficial owners of shares held in their names.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Wednesday, May 21, 2025. The Company’s 2025 Proxy Statement and the Annual Report to Stockholders for the year ended 2024 are also available at:

<http://www.proxyvote.com>

For directions to the Annual Meeting, please contact Investor Relations at 281-823-4700.

PLEASE VOTE – YOUR VOTE IS IMPORTANT

ELECTION OF DIRECTORS PROPOSAL NO. 1 ON THE PROXY CARD

At the Company's inception in 2014, the Board of Directors of DNOW Inc. (the "Board") was divided into three classes with each class serving a term of three years. In 2020, stockholders approved the declassification of the Board over a three-year period which culminated in 2023. All directors stand for election for one-year terms if elected at the upcoming Annual Meeting.

Richard Alario, Terry Bonno, David Cherechinsky, Galen Cobb, Paul Coppinger, Karen David-Green, Rodney Eads, and Sonya Reed are nominees for director, each for a one-year term expiring at the Annual Meeting in 2026, or when their successors are duly elected and qualified. We believe each of the nominees will be able to serve if elected. However, if any nominee is unable to serve, the remaining members of the Board have the authority to nominate another person, elect a substitute, or reduce the size of the Board. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Vote Required for Approval

DNOW's Bylaws require that each director be elected by the majority of votes cast with respect to such director in uncontested elections (the number of shares voted **FOR** a director nominee must exceed the number of votes cast **AGAINST** that nominee). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors would be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. Whether an election is contested or not contested is determined 14 days in advance of when we file our definitive Proxy Statement with the SEC. This year's election was determined to be an uncontested election and the majority vote standard will apply. If a nominee who is serving as a director is not elected at the annual meeting, Delaware law provides that the director would continue to serve on the Board as a "holdover director." However, under our Bylaws and Corporate Governance Guidelines, each director must submit an advance, contingent, irrevocable resignation that the Board may accept if the director fails to be elected through a majority vote. In that situation, our Environmental, Social, Governance, and Nominating Committee would make a recommendation to the Board about whether to accept or reject the resignation or whether to take other action. The Board will act on the Environmental, Social, Governance, and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. If a nominee who was not already serving as a director fails to receive a majority of votes cast at the annual meeting, Delaware law provides that the nominee does not serve on the Board as a "holdover director." In 2025, all director nominees are currently serving on the Board.

Brokers are not permitted to vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please provide your broker with voting instructions so that your vote can be counted.

Information Regarding Nominees for Director for Terms Expiring in 2024:



Richard Alario

Former Chief Executive Officer, Key Energy Services

Chairman since 2021
Independent director
Director since 2014
Age 70

Committee(s)

- Environmental, Social, Governance, and Nominating Committee
- Compensation Committee

Mr. Alario has been a director of the Company since May 2014 and has served as the Company’s Chairman of the Board since April 2021. Mr. Alario served as Interim Chief Executive Officer of the Company from November 2019 until June 2020, and as Executive Vice Chairman on an interim, short-term basis from June 2020 until October 2020. Mr. Alario served as Chief Executive Officer and director of Key Energy Services, Inc., a provider of oilfield services, from 2004 until his retirement in March 2016. Prior to joining Key Energy Services, Mr. Alario was employed by BJ Services Company, an oilfield services company, where he served as Vice President from 2002 after OSCA, Inc. was acquired by BJ Services. Prior to joining BJ Services, Mr. Alario had over 21 years of service in various capacities with OSCA, an oilfield services company, most recently having served as its Executive Vice President. He is also Chairman of the Board of Kirby Corporation, serving as a member of its Compensation Committee and a member of its Environmental, Social, Governance and Nominating Committee. He formerly served as Chairman of the National Ocean Industries Association.

Professional Experience

DNOW

- Executive Vice Chairman (2020)
- Interim Chief Executive Officer (2019 – 2020)

Key Energy Services

- Chairman and Chief Executive Officer (2004 – 2016)

Skills



CEO/Former CEO



Process Solutions



Financial Expert



Distribution/Supply Chain



Operations Leadership



Technology Systems



ESG Experience



Cybersecurity Experience



International Exposure



Strategic Planning



Energy



Business Transformation



Terry Bonno

Former Senior Vice President of Industry and Community Relations of Transocean

Independent director
Director since 2014
Age 67

Committee(s)

- Audit Committee
- Environmental, Social, Governance, and Nominating Committee

Ms. Bonno has been a director of the Company since May 2014. Ms. Bonno provides advisory and consulting services to numerous private companies utilizing her professional expertise in Global business development, commercial and contractual due diligence, Sustainability and Enterprise Risk Management. She has served as a Director of Kodiak Gas Services, a publicly held gas compression company, where she serves as the Chair of the Personnel and Compensation Committee and as a member of the Nominating, Governance, and Sustainability Committee. From 2017 to the successful divestiture to 3i in 2019, Ms. Bonno served as a Director of Tampnet, the largest offshore high-capacity communication network in the world. She also served as a director on energy industry and charity boards. In 2017, she was accepted as an industry expert to serve in an advisory capacity on the National Offshore Safety and Advisory Committee (NOSAC) for a three-year term ending 2020. Ms. Bonno served as Senior Vice President of Industry and Community Relations for Transocean Ltd. from 2017 until her retirement in September 2018. Her responsibilities included leadership in industry forums, community affairs and driving sustainability in the organization. Ms. Bonno previously served as Senior Vice President of Marketing for Transocean Ltd. from 2011 and Vice President Marketing from 2008 with oversight of Transocean’s marketing in 14 countries. Prior to this role, she served in various director and management roles at Transocean Ltd. leading the marketing and contracts efforts for West Africa and the Americas from 2001 until 2008. She served in a Director Marketing and Contracts role for Turnkey Drilling with RBFalcon and Global Marine (a wholly owned subsidiary of Applied Drilling Technology Inc. (ADTI)) from 1993 until 2001, who later became acquired by Transocean Ltd. During her time with Global Marine from 1982 to 1999, she served in various Accounting Management roles. She is also a Certified Public Accountant.

Professional Experience

Transocean

- Senior Vice President of Industry and Community Relations (2017 – 2018)
- Senior Vice President of Marketing (2011 – 2017)
- Vice President Marketing (2008 – 2011)

Skills



Financial Expert



Technology Systems



ESG Experience



Cybersecurity Experience



International Exposure



Strategic Planning



Energy



Business Transformation



Distribution/Supply Chain



David Cherechinsky

President and Chief Executive Officer of DNOW

Director since 2020
Age 61

Mr. Cherechinsky has served as President and Chief Executive Officer and been a director of the Company since June 2020. Prior to serving as President and Chief Executive Officer, Mr. Cherechinsky served as the Company's Senior Vice President and Chief Financial Officer from February 2018 until May 2020. Mr. Cherechinsky previously served as Vice President, Corporate Controller and Chief Accounting Officer from February 2014 until February 2018. Mr. Cherechinsky served as Vice President—Finance for NOV's distribution business group from 2003, and as Vice President—Finance for NOV's Distribution & Transmission business segment from 2011, until the Company's spin-off in May 2014. He previously served NOV starting in 1989 in various corporate roles, including internal auditor, credit management and business analyst, and is a CPA.

Professional Experience

DNOW

- President and CEO (2020 – present)
- Senior Vice President and Chief Financial Officer (2018 – 2020)
- Vice President, Corporate Controller and Chief Accounting Officer (2014 – 2018)

Skills



CEO/Former CEO



Process Solutions



Financial Expert



Distribution/Supply Chain



Operations Leadership



Technology Systems



ESG Experience



Cybersecurity Experience



International Exposure



Strategic Planning



Energy



Business Transformation



Galen Cobb

Former Vice President
Industry Relations of
Halliburton

Independent director
Director since 2014
Age 71

Committee(s)

- Audit Committee

Mr. Cobb has been a director of the Company since May 2014. Mr. Cobb recently served as Vice President of Industry Relations for Halliburton since 2002 until his retirement in 2022 where he was responsible for Halliburton’s industry relations global activities, energy trade policy issues, executive client relations, and trade organization oversight. He worked for Halliburton for over forty-five years serving in various executive management positions in operations, marketing, sales and business development. From 1991 to 1994, he was Director CIS and China with oversight in establishing Halliburton’s presence and operations in these emerging markets. Later, he was named Director Executive Sales and Business Development with expanded responsibilities for the worldwide development and promotion of Halliburton’s services and products.

Professional Experience

Halliburton:

- Vice President of Industry Relations (2002 – 2022)

Skills



Financial Expert



Distribution/Supply Chain



Operations Leadership



Technology Systems



ESG Experience



Cybersecurity Experience



International Experience



Strategic Planning



Energy



Business Transformation



Paul Coppinger

Former President of SPM Oil & Gas, a Caterpillar Company

Independent director
Director since 2017
Age 64

Committee(s)

- Compensation Committee
- Environmental, Social, Governance, and Nominating Committee (Chair)

Mr. Coppinger has been a director of the Company since December 2017. Mr. Coppinger was the President of SPM Oil & Gas, a Caterpillar Company (formerly the Oil & Gas Division of the Weir Group PLC which was acquired by Caterpillar in February 2021) from 2014 until his retirement in 2022. From 2012 to 2014, Mr. Coppinger served as President, Pressure Pumping, for the Weir Group, and from 2011 to 2012 as President of Weir SPM. Prior to that, Mr. Coppinger was Group President of the Energy Segment of CIRCOR International, Inc. from 2001 to 2011. Mr. Coppinger is Chairman Emeritus of the Energy Workforce & Technology Council (formerly the Petroleum Equipment & Services Association) and served on its Board of Directors from 2007 to 2019.

Professional Experience

SPM Oil & Gas, a Caterpillar Company

- President (2014 – 2022)

Weir Group

- Division President, Oil & Gas (2014 – 2021)
- President, Pressure Pumping (2012 – 2014)
- President, Weir SPM (2011 – 2012)

CIRCOR International

- Group President of the Energy Segment (2001 – 2011)

Skills



Financial Expert



Process Solutions



Operations Leadership



Distribution/Supply Chain



ESG Experience



Cybersecurity Experience



International Experience



Strategic Planning



Energy



Business Transformation



Karen David-Green

Former Chief Communications, Stakeholder and Sustainability Officer of Expro Group

Independent director
Director since 2023
Age 56

- Committee(s)
• Audit Committee

Ms. David-Green has been a director of the company since 2023. Ms. David-Green has over 30 years of experience in senior leadership positions on Wall Street and as a corporate executive for multinational companies. Her skillset encompasses capital market transactions, demand generation, risk/reputation management, data analytics, business and cultural transformation, scaling businesses in a highly cyclical environment, cybersecurity, go-to-market strategies and energy transition and sustainability. She previously held key positions in the Executive Leadership Team at Expro Group N.V. and Weatherford International plc where she served as the former Chief Marketing, Stakeholder, Investor Relations, Communications and Sustainability Officer. During her tenure at Weatherford from 2010-2020, Ms. David-Green played instrumental roles as Chief Marketing Officer, Sr. Vice President of Stakeholder Engagement, President of the Weatherford Foundation, Inc., Chair of the Sustainability Leadership Council, and Executive Member of the Disclosure and Global Business Continuity and Planning Committees. She is also a former Senior Wall Street equity research analyst. Notably, she previously led the energy service equity research franchise at Oppenheimer & Co. Inc. and Crédit Agricole where she was responsible for providing financial forecasts to clients globally. Ms. David-Green is an Independent Director for PHX Energy Services Inc. where she serves on the Audit and Compensation and Human Resources Committees. She is Directorship Certified by the National Association of Corporate Directors (NACD) and NACD Certified in Cybersecurity Oversight.

Professional Experience

Expro Group

- Chief Communications, Stakeholder and Sustainability Officer (2021 – 2023)

Weatherford International

- Chief Marketing Officer and Senior Vice President of Stakeholder Engagement (2010 – 2020)

Skills



Financial Expert



Technology Systems



ESG Experience



Cybersecurity Experience



International Exposure



Strategic Planning



Energy



Business Transformation



Distribution/Supply Chain



Rodney Eads

Former Chief Operating Officer and Executive Vice President, Pride International

Independent director
Director since 2014
Age 74

Committee(s)

- Audit Committee (Chair)

Mr. Eads has been a director and Chair of the Audit Committee of the Company (commencing this position May 2014). Mr. Eads has served as President of Eads Holdings, LLC, a wholly owned private investment firm (commencing 2009) and is an active investor in early-stage companies. Mr. Eads has provided advisory and due diligence services for numerous private equity entities, with deep expertise in Enterprise Risk Management and Crisis Management. He has provided Expert Witness services for several international arbitration cases in the \$150M-\$250M claim range. He is a NACD Certified Director, and since 2019 has served on the NACD TriCities Board (Houston, Austin, San Antonio). During the last 6 years he has been an active participant in the Southwest Audit Committee Network. Mr. Eads served as a director from 2010 to 2015 for private equity owned Nautronix UK Limited. Mr. Eads previously served as Chief Operating Officer and Executive Vice President of Pride International Inc. (NYSE) from 2006 until 2009, where he was responsible for safety, environmental, and regulatory compliance for offshore operations and South American and eastern hemisphere land assets operating in 15 countries. He also managed a public company spin-off in 2009 of Seahawk Drilling Company. He served as Senior Vice President of Worldwide Operations for Diamond Offshore Drilling Inc. (NYSE) from 1997 until 2006, with responsibility for safety, environmental, and regulatory compliance in 12 countries. From 1977 to 1997, he served in several executive and operations management positions with Exxon Corporation, primarily in international assignments spanning 11 countries, providing engineering, business planning and project analysis, and compliance for safety, environmental, and regulatory requirements. Mr. Eads has managed global workforces as large as 14,000 employees, managed operating budgets of \$1B per year, and capital projects exceeding \$3B.

Professional Experience

Pride International

- Chief Operating Officer and Executive Vice President (2006 – 2009)

Diamond Offshore Drilling

- Senior Vice President of Worldwide Operations (1997 – 2006)

ExxonMobil

- Operations Management and Business Analyst (1977-1997)

Skills



Financial Expert



Distribution/Supply Chain



Operations Leadership



Technology Systems



ESG Experience



Cybersecurity Experience



International Exposure



Strategic Planning



Energy



Business Transformation



Sonya Reed

Former Senior Vice President and Chief Human Resources Officer of Phillips 66

Independent director
Director since 2021
Age 51

- Committee(s)
- Compensation Committee (Chair)

Ms. Reed has been a director of the Company since August 2021. Ms. Reed is a former executive officer of Phillips 66 where she served as the Senior Vice President and Chief Human Resources Officer from 2015 until 2023. In this capacity she also had accountability for corporate communications, including internal and external messaging, branding, social media and philanthropy. From 2011 to 2015, Ms. Reed was with General Cable, where she last served as Executive Vice President, Chief Human Resources Officer. Ms. Reed began her career at Zurich Financial Services, where she held several positions of increasing responsibility, the last of which was Vice President of Human Resources of their Latin American business. Throughout her career Ms. Reed both lived and worked domestically and internationally, had accountability across multiple countries and administered her role in both English and Spanish (of which she is fluent). Her skillset encompasses executive compensation, succession management, leadership development, cultural transformation, organizational design, communications, and brand and reputation management in large, global organizations.

Professional Experience

Phillips 66

- Senior Vice President and Chief Human Resources Officer (2015 – 2023)

General Cable

- Executive Vice President, Chief Human Resources Officer (2011 – 2015)

Skills



ESG Experience



Distribution/Supply Chain



International Exposure



Strategic Planning



Energy



Business Transformation

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF THE ELECTION OF THE EIGHT NOMINEES FOR DIRECTOR.

COMMITTEES AND MEETINGS OF THE BOARD

Committees

The Board of Directors appoints committees to help carry out its duties with the following current standing committees: Audit, Compensation, and Environmental, Social, Governance, and Nominating. Last year, the Board of Directors met four times and the committees met a total of fourteen times. The following table sets forth the committees of the Board of Directors and their members as of the date of this Proxy Statement, as well as the number of meetings each committee held during 2024:

Independent Directors	Audit Committee	Compensation Committee	Environmental, Social, Governance, and Nominating Committee
Richard Alario		•	•
Terry Bonno	•		•
Galen Cobb	•		
Paul Coppinger		•	Chair
Karen David-Green	•		
Rodney Eads	Chair		
Sonya Reed		Chair	
Employee Directors			
David Cherechinsky			
Number of Meetings Held in 2024	8	3	3

Attendance at Meetings

Each incumbent director attended at least 75% of the meetings of the Board and committees of which that director was a member in 2024. Our policy regarding director attendance at the annual general meetings of stockholders is that we encourage and expect, but do not require, the members of the Board to attend annual general meetings of stockholders. The directors were all present at the Company's Annual Shareholders Meeting in 2024.

Audit Committee

Messrs. Eads (Chair), Cobb, Ms. Bonno, and David-Green are the current members of the Audit Committee. All members of this committee are independent within the meaning of the rules governing audit committees by the NYSE and SEC, meet the NYSE standard of having accounting or related financial management expertise, and also meet the SEC's criteria of an Audit Committee Financial Expert.

The Audit Committee is appointed to assist the Board in fulfilling its oversight responsibilities relating to financial matters. The Committee's primary duties and responsibilities are to:

- monitor the integrity of the Company's financial statements, reporting processes, systems of internal controls, disclosure controls, and procedures;
- select and appoint the Company's independent auditors, pre-approve all audit and non-audit services to be provided, consistent with requirements of the SEC and PCAOB regarding auditor independence, to the Company by the Company's independent auditors, and establish the fees and other compensation to be paid to the independent auditors;
- monitor the independence and performance of the Company's independent auditors and internal audit function;
- establish procedures for the receipt, retention, response to and treatment of complaints, including confidential, anonymous submissions by the Company's employees, regarding accounting, internal

controls, disclosure or auditing matters, and provide an avenue of communication among the independent auditors, management, the internal audit function and the Board;

- prepare an audit committee report as required by the SEC to be included in the Company's Annual Proxy Statement;
- review, on a quarterly basis, reports from the Company's enterprise risk management system, cybersecurity and artificial intelligence ("AI") monitoring systems, and ESG monitoring system and reports to the full Board on these matters; and
- monitor the Company's compliance with legal and regulatory requirements.

A copy of the Audit Committee Charter is available on the Company's website under the Investor Relations/Corporate Governance section.

Compensation Committee

Ms. Reed (Chair) and Messrs. Alario and Coppinger are the current members of the Compensation Committee. All members of the Compensation Committee are independent as defined by the applicable SEC and NYSE listing standards.

The Compensation Committee is appointed by the Board of Directors to assist in fulfilling its oversight responsibilities relating to compensation and benefits. The Committee's primary duties and responsibilities are to:

- discharge the Board's responsibilities relating to compensation of the Company's directors and executive officers;
- approve and evaluate all compensation of directors and executive officers, including salaries, bonuses, and compensation plans, policies, and programs of the Company;
- prepare a compensation committee report as required by the SEC to be included in the Company's Annual Proxy Statement; and
- administer all plans of the Company under which shares of common stock may be acquired by directors or executive officers of the Company.

A copy of the Compensation Committee Charter is available on the Company's website under the Investor Relations/Corporate Governance section.

Compensation Committee Interlocks and Insider Participation

Ms. Reed (Chair) and Messrs. Alario and Coppinger are the current members of the Compensation Committee. Mr. Alario previously served as Chair of the Compensation Committee prior to his appointment as interim Chief Executive Officer and as Executive Vice Chairman on an interim, short-term basis from November 2019 until October 2020 and reassumed his role as Chair of the Compensation Committee in February 2021 until May 2024. Except as disclosed herein, none of these members is a former or current officer or employee of the Company or any of its subsidiaries, is involved in a relationship requiring disclosure as an interlocking executive officer/director, or had any relationship requiring disclosure under Item 404 of Regulation S-K.

Environmental, Social, Governance, and Nominating Committee

The Environmental, Social, Governance, and Nominating Committee is appointed to assist the Board in fulfilling its oversight responsibilities. Messrs. Coppinger (Chair), Alario, and Ms. Bonno are the current members of the Environmental, Social, Governance, and Nominating Committee. All members of the

Environmental, Social, Governance, and Nominating Committee are independent as defined by the applicable NYSE listing standards.

The Environmental, Social, Governance, and Nominating Committee gives oversight at the board level to the Company's ESG initiatives by working with management on risk assessment in various areas. The Committee's primary duties and responsibilities are to:

- ensure that the Board and its committees are appropriately constituted so that the Board and directors may effectively meet their fiduciary obligations to stockholders and the Company;
- identify individuals qualified to become Board members and recommend to the Board director nominees for each annual meeting of stockholders and candidates to fill vacancies on the Board;
- recommend to the Board annually the directors to be appointed to Board committees;
- monitor, review, and recommend, when necessary, any changes to the Corporate Governance Guidelines;
- monitor and evaluate annually the effectiveness of the Board and management of the Company, including their effectiveness in implementing the policies and principles of the Corporate Governance Guidelines;
- oversee the Company's efforts on ESG matters including the publication of the Company's annual sustainability report;
- oversee and advise risks related to climate change and the Company's energy evolution business and associated Company initiatives; and
- oversee the Company's efforts on human capital and management succession planning including the CEO and his direct reports.

A copy of the Environmental, Social, Governance, and Nominating Committee Charter is available on the Company's website under the Investor Relations/Corporate Governance section.

BOARD OF DIRECTORS

Director Nomination Process and Board Composition Considerations

The Environmental, Social, Governance, and Nominating Committee has the responsibility of identifying candidates for election as directors, reviewing background information relating to those candidates, and recommending nominees to the Board of Directors to be submitted to stockholders for election. The Board regularly seeks input from a range of sources, including from within the boardroom (via the annual Board self-assessment process) and from our shareholders, as they express their views regarding the backgrounds and skill sets that they perceive to be most critical to helping the growth of the organization, including creating shareholder value.

It is the policy of the Committee to consider director candidates recommended by stockholders. Nominees are selected by the Committee from candidates recommended by multiple sources, including other directors, management, stockholders, and by independent search firms (which firms may be paid by the Company for their services), all of whom will be evaluated based on the same criteria. As of March 24, 2025, we had not received any formal recommendations from stockholders for potential director candidates that were approved as a nominee for director by the Environmental, Social, Governance, and Nominating Committee for submission to stockholders for election. All of the current nominees for director are standing members of the Board that are proposed by the entire Board for re-election. Written suggestions for nominees should be sent to the Secretary of the Company at the address listed herein.

The Board of Directors believes that nominees should reflect the following characteristics:

- have a reputation for integrity, honesty, candor, fairness, and discretion;
- be knowledgeable, or willing to become so quickly, in the critical aspects of the Company's businesses and operations; and
- have a range of talent, skill, and expertise sufficient to provide sound and prudent guidance with respect to the full scope of the Company's operations and interests.

The Environmental, Social, Governance, and Nominating Committee reviews Board composition annually to ensure that the Board reflects the knowledge, experience, skills, expertise, and diversity required for the Board to fulfill its duties as well as the evolving needs of the Company in terms of strategy and emerging opportunities and risk. There are currently no directorship vacancies to be filled on the Board.

Board Diversity

The Board considers diversity in identifying nominees for director. The Board seeks to achieve a mix of directors that represent a diversity of background and experience in a variety of different ways and in an expansive manner. The Board not only considers diversity concepts such as race and gender, but also diversity in the sense of differences in viewpoint, professional experience, education, skill, and other qualities and attributes that contribute to board heterogeneity. Also considered as part of the diversity analysis is whether the individual has work experience in the Company's industry or in the broader energy or industrial markets. The Company believes the Board can benefit from different viewpoints and experiences by having a mix of members of the Board who have worked in its industry and have worked in other sectors the Company sees as opportunities for expansion and growth.

Although we do not have a formal diversity policy in place for the director nomination process, the Board recognizes that diverse candidates with appropriate and relevant skills and experience contribute to the depth and diversity of perspective in the boardroom. An important factor in our Environmental, Social, Governance, and Nominating Committee's consideration and assessment of a director candidate is the diversity of background, viewpoints, professional experience, education, gender, age, and culture including

nationality, race, or ethnic background. Over the last four years, the Board has added two new directors, Ms. Karen David-Green and Ms. Sonya Reed, who provide additional diversity in gender, ethnicity and experience to the Board. These actions demonstrate the Board's desire to achieve a diverse and inclusive membership with individuals who collectively possess the skills and experiences that the Company will need to succeed now and in the future.

If and when the need arises for the Company to add an additional new director to the Board, the Environmental, Social, Governance, and Nominating Committee will take reasonable efforts to ensure that diverse candidates (including, without limitation, women and minority candidates) are in the pool which nominees are chosen from and strive to obtain diverse candidates by searching in traditional corporate environments, as well as government, academia, and non-profit organizations.

Board Composition and Director Qualifications

The Board's governance documents and bylaws do not impose mandatory term limits. The Board believes that directors may continue to provide meaningful, independent oversight and advice past a set term limit. A mandatory term limit comes with the disadvantage of losing the contribution of directors who have developed significant knowledge of the Company's business, strategy, risk profile, operations, and financial position and who remain active and contributing members of the Board. The Board also determined that a mandatory term limit may inhibit the Board's ability to maintain a balanced mix of tenure for its directors which is necessary for the Board to maintain a mix of fresh perspectives and a deep understanding of the Company's business. Maintaining a mix of tenured board members is particularly important in our industry, in light of the cyclical nature of many aspects of our operations, as well as the range of different macroeconomic and geopolitical factors we face which make our seasoned directors' experience that much more valuable.

The Company believes that each member of its Board of Directors possesses the basic attributes of being a director of the Company, namely having a reputation for integrity, honesty, candor, fairness, and discretion. Each director has also become knowledgeable in major aspects of the Company's business and operations, which has allowed the Board to provide better oversight functions to the Company. In addition to the experience, qualifications, and skills of each director set forth in their biographies, the Company also considered the following factors in determining that the board member should serve on the Board:

Mr. Alario served as the interim Chief Executive Officer of the Company from November 2019 until June 2020, as Executive Vice Chairman on an interim, short-term basis from June 2020 until October 2020, and previously served as the chief executive officer and as the chairman of another publicly traded company for 12 years. Mr. Alario has extensive experience in the oil service business, having worked in that industry for over 40 years. Mr. Alario has gained valuable board experience from his tenure as a director of Kirby Corporation, including from his service as its Chairman of the Board as well as his work as a member of its Environmental, Social, Governance, and Nominating Committee as well as its Compensation Committee. Through service in these roles, Mr. Alario has gained extensive experience in assessing the risks associated with various energy industry cycles.

Ms. Bonno provides valuable service and experience to the Board due to her current roles as Chair of the Personnel & Compensation Committee and as a member of the Nominating, Governance, and Sustainability Committee of Kodiak Gas Services as well as her past experience on Kodiak's Audit Committee as well as serving on the financial committee, enterprise risk management committee, and disclosure committee at Transocean Ltd. Ms. Bonno has extensive experience in the oil service industry of 37 years and a background in accounting with approximately 34 years of being a certified public accountant and experience overseeing the SOX Compliance of the Global Marketing function. Ms. Bonno's extensive professional experience in international business development, commercial and contractual acumen, Sustainability and Enterprise Risk Management has provided her the knowledge to deal with all facets of

potential risk areas and opportunities for a global energy company, and she brings that experience and perspective to the Board.

Mr. Cherechinsky has been an officer of a publicly traded company since 2014. Mr. Cherechinsky's 36-year career with the Company includes positions of increasing importance, from business analyst, to Vice President—Corporate Controller, to Chief Financial Officer, to Chief Executive Officer. Mr. Cherechinsky has extensive experience with the Company and the oil service industry. Mr. Cherechinsky's experience in the Company's business and the industry, his extensive financial background, and his vast knowledge of the Company make him uniquely and well qualified to serve as a director of the Company.

Mr. Cobb provides valuable service and experience to the Audit Committee, due to his over 45 years of serving in various management positions for Halliburton. Mr. Cobb has developed experience and expertise in warehouse management and distribution, international operations, especially in emerging markets, as well as marketing and business development in a large corporate environment. As a result of this extensive experience, Mr. Cobb is very familiar with the strategic and project planning processes that impact the Company's business and continued development for growth.

Mr. Coppinger has over 35 years of experience in the petroleum equipment and service, process equipment and flow control businesses, as well as experience in the industrial markets and manufacturing, and has held various positions of increasing responsibility, including managing domestic and international operations. Mr. Coppinger has extensive operational and strategic planning experience from his long career in manufacturing and distribution. Mr. Coppinger also has extensive mergers and acquisitions experience of over 20 years on a global basis. Mr. Coppinger has dealt with all facets of potential risk areas for a global energy service company and brings that experience to the Company.

Ms. David-Green has over 30 years of experience in senior leadership positions on Wall Street and as a C-Suite Executive and Corporate Officer for multinational companies with a global manufacturing and service footprint. Her experience in capital markets, finance, strategy, sustainability, cybersecurity, and marketing for publicly traded companies provide the Company valuable knowledge at a board level. Further, she is Directorship Certified by the National Association of Corporate Directors (NACD) and NACD Certified in Cybersecurity Oversight. Her work on other company boards, external councils, and networks give the Company insight into how peers see current market conditions and strategies which the Company can use to their future benefit. Ms. David-Green's extensive financial background, prior board experience, and detailed work in cybersecurity, sustainability, enterprise risk management, and shareholder engagement efforts make her highly qualified to be a board member.

Mr. Eads has over 30 years of experience being on the customer side for the products and services the Company offers and therefore has deep insight into the Company's business sector. His significant international experience and deep expertise in health and safety/environmental/regulatory compliance; risk assessment; supply chain management; and large construction projects, together with his 12 years of experience as an executive officer of two public companies, which included SEC reporting, mergers and acquisitions evaluations and integration, pay/performance programs, and asset rationalization efforts including a public company spin-off, and private equity sales, makes him well qualified to serve as a director of the Company. Mr. Eads provides valuable service and experience to the Audit Committee, due to his MBA degree and 40 years of experience in the energy industry and in his previous roles in senior executive management where he worked to identify and mitigate risk. He has been an active member of the National Association of Corporate Directors (NACD) since 2010, achieving the NACD's Governance Fellow recognition, the highest standard of credentialing for directors and governance professionals, and achieved the NACD Directorship Certification in 2021, and maintains yearly certification. He currently serves on the Board for the Tri-Cities Chapter NACD. Mr. Eads established the board cybersecurity reporting system for the Company, which includes quarterly cybersecurity metrics reported to the Audit Committee. He has been involved in two early-stage cybersecurity companies, one as a lead investor. He has also completed the AICPA Cybersecurity Certificate Program.

Ms. Reed has over 30 years of experience in domestic, international and global organizations across multiple industries. She most recently served as a chief human resources officer of two public companies for over ten years. Her expertise in executive compensation, succession planning and talent management, and diversity, equity, and inclusion provide the Board with significant insight on these key risk areas. Ms. Reed has depth of expertise in corporate communications including internal and external messaging, brand and reputation management, media relations and philanthropy in a large corporate environment. She has led the human capital component of major organizational transformations focusing on operating model design, organizational structures and building the critical skills necessary for the new environment. Ms. Reed has held advisory and board positions with non-profit organizations such as Girls Inc and the Boys and Girls Club, and served as a Trustee of the Awty International School and the Energy Advisory Board of the University of Houston. She is currently a corporate director of South Bow and serves as the Chair of their Human Resources Compensation Committee. Ms. Reed has had extensive board exposure and uses that background and knowledge to help provide a perspective on these evolving risk areas.

The following are some of the key qualifications and skills of our Board.

	Alario	Bonno	Cherechinsky	Cobb	Coppinger	David-Green	Eads	Reed
CEO/Former CEO	+		+					
Financial Expert	+	+	+	+	+	+	+	
Operations Leadership	•		•	•	•		•	
ESG Experience	•	•	•	•	•	•	•	•
International Exposure/Experience	•	•	•	+	+	•	•	•
Industry Experience								
Energy	•	•	•	•	•	•	•	•
Process Solutions	•		•		•			
Distribution/Supply Chain	•	•	•	•	•	•	•	•
Technology Systems	•	•	•	•		•	•	
Cybersecurity Experience	•	•	•	•	•	•	•	
Strategic Planning	•	•	•	•	•	•	•	•
Business Transformation	•	•	•	•	•	•	•	•
Demographics								
Age	70	67	61	71	64	56	74	51
Gender	Male	Female	Male	Male	Male	Female	Male	Female
Ethnicity	White	White	White	White	White	White	White	Hispanic
Year Joined Board	2014	2014	2020	2014	2017	2023	2014	2021
Other Boards	1	1	0	0	0	1	0	1
Independent	•	•		•	•	•	•	•

Definitions

CEO/Former CEO (+): Experience in the top leadership role provides valuable insights and practical understanding of public companies, the areas of risk management, opportunities and capabilities for handling growth, and insight on crucial governance matters.

Financial Expert (+): Background which provides knowledge and capabilities to evaluate Company performance and growth initiatives as well as effective controls and reporting.

Operations Leadership: Experience planning, overseeing, and organizing business practices to maximize efficiency and ensure value such as supply chain and inventory management, quality control, product design, forecasting, and strategy.

ESG Experience: Knowledge and skills gained from working with environmental, social, and governance factors such as human capital, greenhouse gases, and corporate governance matters.

International Exposure (• - worked on international projects remotely from US) Experience (+ - stationed and worked on international projects locally): Exposure in managing and overseeing global operations in a specified field or area of responsibilities which allows visibility into challenges and opportunities facing a multinational organization.

Industry Experience specific to DNOW: Significant leadership or experience which provides perspective on issues specific to our industry, business, market, and strategy.

- Energy Industry
- Process Solutions
- Distribution/Supply Chain

Technology Systems: Creates an understanding of technical and data management systems which enhances the markets we operate in and exposes us to new innovations and challenges (including AI) that we face and may potentially implement into our business.

Cybersecurity: Experience handling and implementing technologies and practices that keep computer systems and electronic data safe in organizations as well as planning and developing policies and procedures to protect against risk and external access manipulation.

Strategic Planning: Experience with the ability to implement decisions and effective change with goal planning, creating tactical outlook and strategy, conducting assessments, and direct responsibility for progress for large organizations.

Business Transformation: Experience in mergers and acquisitions, divestures, integration of entities, project financing, and investment strategies which provides enhanced oversight of our finance-related strategies.

CORPORATE GOVERNANCE

DNOW's Board is committed to promoting transparency in reporting information about the Company, complying with the spirit as well as the literal requirements of applicable laws, rules and regulations, and exhibiting behavior that conforms to corporate governance standards that exceed the consensus view of minimum acceptable standards. The Board of Directors' Corporate Governance Guidelines establishes the Board's composition and function, Board committees and committee membership, evaluation of director independence, the roles of the independent Chairman of the Board and the Chief Executive Officer, the evaluation of the Chief Executive Officer, regular meetings of non-employee directors, board conduct and review, selection and orientation of directors, director compensation, access to management and independent advisors, and an annual review. A copy of the Corporate Governance Guidelines is available on the Company's website under the Investor Relations/Corporate Governance section. The Company will furnish print copies of the Corporate Governance Guidelines, as well as its Board Committee charters, to interested stockholders upon request. Written requests for such copies should be addressed to the Secretary of the Company at the address listed herein.

Highlights

We maintain a strong and proactive approach to corporate governance, as follows:

- Active Board and committees providing oversight of areas of risk to the Company;
- Independent Chairman serving as the lead director;
- 7 of 8 director nominees are independent;
- Fully independent committee chairs and members;
- Demonstrated commitment to thoughtful Board refreshment;
- Active involvement in shareholder engagement meetings;
- Stock ownership guidelines for executive officers and directors including trading restrictions and blackout dates;
- Expansive clawback policy to recover executive compensation;
- Working directly with CEO on annual goals and objectives;
- Annual Board and committee self-evaluations and assessments;
- Directors meet in executive sessions without management present;
- In-depth strategic review with senior management analyzing risks and opportunities;
- Fully declassified Board where directors stand annually for election;
- All Audit Committee members meet the NYSE standards of having accounting or financial management expertise and meet the SEC's criteria of financial experts;
- Directors are elected by majority vote in uncontested elections;
- Board engagement with CEO over management succession planning for CEO and all executives; and
- 5X stock ownership requirement of annual retainer.

Specific Changes and Enhancements since 2020

- Fully declassified our Board of Directors where directors now stand annually for election;
- Added two highly skilled directors, both of whom are independent, and increased the diversity of the Board;
- Maintained independence of committee chairs and members and Chairman of the Board;
- Established minimum stock ownership guidelines for directors to incentivize long-term retention of shares;

- Enhanced Committee efforts into continuing to ensure best practices in corporate governance, compensation oversight, and risk mitigation efforts including specific oversight and publication of our ESG report publication by the Environmental, Social, Governance, and Nominating Committee and cybersecurity and AI monitoring systems by the Audit Committee; and
- Expanded training and visibility into newer areas of operational potential such as our process solutions business, e-commerce, digital, and automation initiatives.

Director Independence

The Corporate Governance Guidelines address, among other things, standards for evaluating the independence of the Company’s directors. The Board undertakes an annual review of director independence and considers transactions and relationships during the prior year between each director or any member of his or her immediate family and the Company and its affiliates, including those reported under “*Certain Relationships and Related Transactions*” in this Proxy Statement. In February 2025, as a result of this annual review, the Board affirmatively determined that a majority of the members of the Board are independent of the Company and its management under the standards set forth in the Corporate Governance Guidelines. The following directors were affirmed as independent: Richard Alario, Terry Bonno, Galen Cobb, Paul Coppinger, Karen David-Green, Rodney Eads, and Sonya Reed. In making these independence determinations, our Board considered the current and prior relationships that each non-employee director has with our Company and all other facts and circumstances our Board deemed relevant.

Board Leadership – Independent Chairman of the Board

Currently, the roles of Chairman of the Board and Chief Executive Officer are not combined at the Company. The Company believes the current leadership structure delineates the separate roles of managers and directors. Our Chief Executive Officer sets the strategic direction for the Company, working with the Board, and providing day-to-day leadership for our employees. Our independent Chairman of the Board leads the Board in the performance of its duties and serves as the principal liaison between the independent directors and the Chief Executive Officer.

To assist with providing independent oversight of management and the Company’s strategy, the Board has appointed Richard Alario as the independent Chairman of the Board (the “Independent Chair”). The Independent Chair is responsible for the following:

- Chairing all meetings of the Board at which the Chair is present;
- Working with the Chief Executive Officer on the scheduling of Board meetings and the preparation of agendas and materials for Board meetings;
 - Presiding at the Annual Meeting of Shareholders.
- Defining the quality, quantity, and timeliness of the flow of information between senior management and the Board;
 - Including working closely with the executive leadership team as needed to provide advice on operational, strategic, and governance matters.
- Approving, in consultation with the other directors, the retention of consultants who report directly to the Committees of the Board such as the Compensation Consultant and the Independent Auditors;
- Interviewing prospective Board candidates and making nominations to the Environmental, Social, Governance and Nominating Committee;
 - Working with the Environmental, Social, Governance and Nominating Committee to recommend committee membership and committee chair rotation as needed.
- Developing the agenda for and presiding over the executive sessions of the Board’s non-employee directors;

- Facilitating communications amongst the Chairman of the Board, the Chief Executive Officer, and other members of the Board;
- Coordinating, with the Chief Executive Officer, the assessment of the committee structure, organization, and charters, and evaluating the need for any changes;
 - Ensuring compliance with and implementation of the corporate governance guidelines.
- Acting as principal liaison between the non-management directors and the Chief Executive Officer on matters dealt with in executive session;
- Leading the Board's annual assessment of the Chief Executive Officer and strategic goals set for the upcoming year; and
- Assuming such further tasks as the independent directors may determine.

The Board holds executive sessions on a quarterly basis at which only non-employee directors are present. In addition, the committees of the Board provide independent oversight of management as each of the committees of the Board is composed entirely of independent directors.

The Board has concluded that this structure is in the best interest of the Company's stockholders because it provides an appropriate balance between our independent Chairman's ability to lead the Board and to provide independent objective oversight of our management and the Chief Executive Officer's ability to provide strategic direction for the Company and lead the Company and its employees on a day-to-day basis.

Board Role in Risk Oversight

The Board of Directors and its Committees help conduct certain risk oversight functions for the Company. The Board is periodically advised on the status of various factors that could impact the business and operating results of the Company, including oil and gas prices and other economic conditions. The full Board is also responsible for reviewing the Company's strategy, business plan, and capital expenditure budget at least annually. Through these various functions, the Board is able to monitor these risks and assist the Company in determining whether certain mitigating actions, if any, need to be taken. The various responsibilities of these Committees allow them to work with the Company to make sure these areas do not pose undue risks to the Company.

The Audit Committee serves an important role in providing risk oversight. One of the Audit Committee's primary duties and responsibilities is to monitor the integrity of the Company's financial statements, financial reporting processes, systems of internal controls regarding finance, and disclosure controls and procedures. The Audit Committee is also responsible for establishing procedures for the receipt, retention, response to and treatment of complaints, including confidential and/or anonymous submissions by the Company's employees, regarding accounting, internal controls, disclosure, or auditing matters. They also provide an avenue of communication among the independent auditors, Company management, the internal audit function, and the Board. In addition, the Audit Committee monitors the Company's compliance with legal and regulatory requirements as well as the Company's cybersecurity risks (which the Audit Committee considers at each quarterly meeting and at other times on an as needed basis). Senior management works closely with the Audit Committee on these matters in managing material risks.

The Environmental, Social, Governance and Nominating Committee is responsible for ensuring that the Board and its committees are appropriately constituted so that the Board and its directors may effectively meet their fiduciary obligations to stockholders and the Company. The Environmental, Social, Governance and Nominating Committee is also responsible for monitoring and evaluating on an annual basis the effectiveness of the Board and management of the Company, including their effectiveness in implementing the policies and principles of the Corporate Governance Guidelines and overseeing the Company's ESG efforts.

The Compensation Committee is responsible for designing and implementing a compensation program that attracts and retains the best available talent to serve on the Company's executive team. The Compensation Committee establishes the total target compensation levels for the Company's executive officers and administers the Company's long-term incentive award plans. Executives are incentivized to deliver short and long-term financial results, and in alignment with the shareholder experience.

Succession Oversight and Human Capital Management

Our Board views management succession planning as a critical component of ensuring business continuity and performance. The Environmental, Social, Governance and Nominating Committee oversees our management succession planning which includes input from executives to monitor and guide leadership development for our executive leadership team. The ability of the Company to attract, retain, and develop high-performing employees and create a workplace where they can innovate and thrive is an integral part of the Company's strategy to drive long-term value and mitigate risk. The Environmental, Social, Governance and Nominating Committee regularly engages with senior leadership on succession planning, retention and turnover, and workplace culture as well as proposed succession candidates in different forums such as industry conferences, board dinners, and meeting presentations. Results of employee surveys, turnover data, and metrics on talent and diversity initiatives are reviewed by the Board quarterly. The Environmental, Social, Governance and Nominating Committee provides the oversight necessary to help ensure that the Company develops corporate leaders who are prepared for promotion in higher leadership roles and responsibilities.

Risk Assessment in Compensation Programs

Consistent with SEC disclosure requirements, the Company, its Compensation Committee, and the Compensation Committee's independent compensation consultant assess the Company's compensation programs on an annual basis and have determined that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. On an annual basis, Company management, the Compensation Committee, and the Compensation Committee's compensation consultant will assess the Company's executive compensation programs to determine if the programs' provisions and operations create undesired or unintentional risks of a material nature.

The Company's variable forms of compensation, namely the annual cash incentive bonus program and long-term equity incentives, have structural limitations and other mitigating controls which are designed to prevent the Company from being exposed to unexpected or unbudgeted materially adverse events. For example, bonus payments to an executive under the annual cash incentive bonus program are capped at a certain percentage of the executive's base salary while restricted stock and stock options granted under the Company's long-term equity incentive plan are fixed values resulting in a fixed number of shares (*i.e.*, targeted award value to determine number of shares).

The Company, the Compensation Committee, and the Compensation Committee's consultant believe that the Company's compensation policies and practices do not create inappropriate or unintended significant risks to the Company as a whole. The Company and the Compensation Committee also believe that the Company's incentive compensation arrangements provide incentives that do not encourage excessive risk-taking beyond the organization's ability to effectively identify and manage significant risks and are supported by meeting peer and industry standards with the oversight and administration of the Compensation Committee.

Cybersecurity

The Company recognizes the increasing significance of cybersecurity threats in today's business environment and has implemented an extensive cyber risk management program to identify, assess, manage, mitigate and respond to cybersecurity threats. The Board provides oversight of our cybersecurity

program and receives reports regularly from our Chief Administrative and Information Officer and the Chair of the Audit Committee on cybersecurity risks in connection with DNOW's operations quarterly. This program is integrated within the Company's enterprise risk management program and includes a focus on:

- (a) Regular assessments of cyber risks, taking into account the evolving threat landscape, technological advancements, and changes in our business operations;
- (b) Proactive identification and mitigation of vulnerabilities in our information systems through regular scanning, testing and patch management; and
- (c) Implementing and continuously monitoring security controls, including firewalls, intrusion detection systems, encryption, and access controls to safeguard against unauthorized access and data breaches.

Our governance structure is designed to ensure effective oversight and management of cybersecurity risks at both the Board and management level. The Board of Directors regularly receives briefings to ensure cybersecurity matters are aligned to the Company's strategic goals related to cyber risk management without compromising the overall business strategy. Our approach is designed to safeguard sensitive information, protect critical assets, and maintain the integrity of our operations. Our governance structure is designed to adapt to evolving regulatory requirements and industry best practices and remain consistent with and committed to complying with relevant cybersecurity regulations and standards applicable to our industry.



Highlights of the Company's Cybersecurity Program for 2024

- The Company maintained an "A" Cybersecurity rating from Security Scorecard for 2024
- Consolidated a new multi-factor authentication software
- Enhanced and strengthened email gateway security and Office 365 security throughout the year
 - Improved patching and vulnerability management
- Regular testing of our Cyber Incident Response Plan through tabletop exercises
- Participated in a penetration ransomware tabletop exercise hosted by the Company's cybersecurity insurer
- Continuous training exercises sent to all employees monthly with data and results analyzed quarterly by the Company's Audit Committee

Policies on Business Ethics and Conduct

The Company has a long-standing Business Ethics Policy. The Board adopted the Code of Business Conduct and Ethics for Members of the Board of Directors and Executive Officers and the Code of Ethics for Senior Financial Officers. These codes are designed to focus the Board and management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and help to foster a culture of honesty and accountability. As set forth in the Corporate Governance Guidelines, the Board may not waive the application of the Company’s policies on business ethics and conduct for any Director or Executive Officer. Copies of the Code of Business Conduct and Ethics for Members of the Board of Directors and Executive Officers and the Code of Ethics for Senior Financial Officers, as well as the code of ethics applicable to employees of the Company, are available on the Company’s website, under the Investor Relations/Corporate Governance section.

Name Change

The Company officially changed its corporate legal name from “NOW Inc.” to “DNOW Inc.” on January 19, 2024. The corporate legal name change aligns with the Company’s most consistently referred-to name as DNOW is already known and well-respected in the marketplace as a leading provider of products and services in the oil and gas industry. The corporate legal name change is part of a strategic initiative to unify the Company’s corporate identity with its brand recognition and market presence. The Company has also taken a prior trade name (DistributionNOW) and transitioned and focused usage on its DNOW trade name moving forward. The Company believes that the simplified and refreshed name will help position the Company for greater success in the future.

Environmental, Social, and Governance Oversight and Highlights

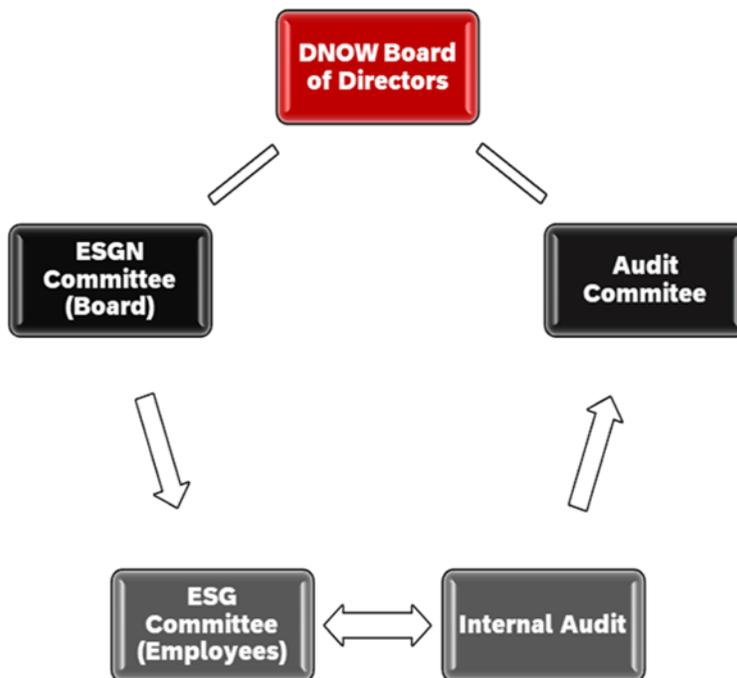
In 2019, Company management formed an internal employee-based ESG Committee to oversee the creation, identification, measurement, and disclosure of sustainability performance data most relevant to the Company’s operations. This committee is comprised of representatives from various departments across the Company including members of the executive management team. Since the committee’s inception, the Company has published annual reports which build upon our commitment toward increased transparency and a wider focus on creating a positive global impact and reaffirming our focus on sustainable growth.



With the oversight of the Environmental, Social, Governance, and Nominating Committee of the Board of Directors, the ESG Committee ensures that the relevant sustainability metrics and disclosures align with

the Company’s strategic plan and that the results are communicated to stakeholders. This includes improving our data collection methodologies, expanding disclosures, and looking at setting and achieving viable ESG target goals to further support our evolving ESG initiatives that align with the Sustainability Accounting Standards Board (“SASB”) reporting standards, Task Force on Climate-Related Financial Disclosures (“TCFD”) framework, and United Nations Sustainable Development Goals (“UN SDGs”).

The ESG Committee coordinates with Internal Audit, through the Board of Directors’ Audit Committee, to reasonably verify ESG-related disclosures and financial statement matters are accurate and consistent.



The Company recognizes that ESG objectives have a significant impact to its core business strategy and drive for innovative ways for the Company to increase engagement while contributing to the environmental and safety objectives of our customers. Further, the Company is focused on proactively exploring alternative and renewable markets. The Company intends to play an active role in energy evolution with opportunities to collaborate with its customers to help them meet their environmental goals by upgrading aging infrastructure, adopting lower-emissions equipment, improving and increasing materials management, increasing supply chain efficiencies and implementing digital offerings.

One of our Board’s primary responsibilities is overseeing and working with Company management on risk assessment and managing and mitigating these risks, including risks related to climate change and other ESG related matters. The Board meets with Company management at regular Board meetings to discuss the strategy in addressing these key risks along with any other risks we may face. On at least a quarterly basis, the Board also receives specific environmental data as well as specific human management resources data for review, analysis, and discussion with the Company. The Board not only provides oversight in these areas, but also provides input into business strategies to improve the Company’s operations.

ESG Focus Areas Advance the Achievement of Our Business Strategy		
Environmental	Social	Governance
Emissions Reduction Services & Fuels Management	Workforce Diversity & Inclusion	Business Ethics & Payments Transparency
Energy Management in Retail & Distribution	Workforce Health & Safety	Supply Chain Stewardship
Opportunities for Enabling Customer Sustainability		
Delivering Value That Advances Sustainable Growth for Our Customers	Data Security	Management of the Legal & Regulatory Environment

Sustainability

As a distributor, we perform minimal manufacturing operations. We do not utilize large amounts of water. Our energy inputs are primarily electricity for lighting, heating and office and warehouse equipment, natural gas for heating and gasoline for company sales and delivery vehicles. We strive to make our operations more efficient, and in turn try to work to reduce use of these resources and resulting emissions.

Many of the products we distribute are used by our customers to aid their efforts to minimize environmental impact, specifically lowering their scope 1 greenhouse gas (“GHG”) emissions as well as sourcing products manufactured by low emission manufacturing technology. We offer our customers a variety of scope 1 emission reducing products like sealless pumps and industrial air compressors that are used to replace methane gas pneumatic systems with compressed air pneumatic systems. In addition, we offer an expanding suite of emissions reduction technology through our EcoVapor branded product line that reduces the venting and flaring of greenhouse gas, targeting the oil and gas and the growing renewable natural gas (“RNG”) markets. We continually seek opportunities to expand our portfolio of products we offer to customers to aid in reducing their scope 1 emissions.

Additionally, we are supplying products for a number of biofuels projects as our customers move their refining and petroleum distribution businesses forward in meeting the new renewable fuels standards. We are also working with customers to offer products and solutions to support and enable their decarbonization journeys with the development of multiple Carbon Capture, Utilization and Storage (“CCUS”) projects in various points within the front-end engineering and design stages. DNOW is committed to supporting efforts to minimize environmental impact and control the emission of methane and CO₂ GHGs in our operations. We utilize our catalog of low-emissions products and custom production equipment packages to help our customers monitor and reduce their carbon footprint and meet their scope 1 GHG emissions targets.

Human Capital Resources

As of December 31, 2024, we had approximately 2,575 employees, of which approximately 180 were temporary employees. We offer market-competitive compensation and benefits for employees and opportunities for growth and advancement with a strong emphasis on providing opportunities for valued

contribution and innovation. Our ethos determines how we act and interact, what we value, what we tolerate, how we treat one another, our customers, and communities and the drive to continue to surpass expectations.

Training and Development Programs

The acquired skills, knowledge, and capabilities of our people are central to our success. To maintain and acquire talented employees in the marketplace, we invest in employee development programs that incorporate training courses and programs. These programs, including a growing online learning platform, are designed to help provide employees the tools to reach their professional goals and are available at all levels of employment, from entry level education to technical sales initiatives to senior management focal points.

Recognizing Employees

Recognition of individual achievements and contributions is an important part of our culture. Our Customer Priority One program encourages customers, peers and leaders to recognize our employees, customers, or vendors who exemplify the Company's commitment to customer service to cultivate a culture of inspiring one another to be their best. We also award Milestone Service Awards to employees for their years of service and dedication to our Company at each five-year service anniversary.

Workforce Diversity

We believe that a diverse workplace is a key driver of innovation, creativity, and overall success. We are committed to advancing an inclusive environment through all stages of employment (recruiting to talent management to promotion and retention) where diversity is appreciated and encouraged, and all employees have a sense of belonging throughout our organization. Our efforts are rooted in the belief that every individual, regardless of their background, should have the opportunity to thrive and contribute to our shared goals.

To find the best employees, we must have a diverse pipeline of talent. As of December 31, 2024, our U.S. workforce was comprised of approximately 25% female and 33% racial minorities. We recognize that we are an integral part of the communities in which we operate. By directly engaging people in the communities we serve, we create a transparent dialogue to try to listen and learn from alternative views in how we conduct our business. The strengthening of minority- and women-owned businesses contributes to the overall economic growth and the expansion of our markets. We create a culture where all employees can strive to be their best, to achieve company goals, and to deliver superior service to our customers.



Volunteer Efforts

DNow is committed to building strong connections with our neighbors and actively contributing within the communities where we operate. By definition, our DNow Lights program demonstrates our dedication to being a bright light and positive impact within our local communities. Our team regularly supports various organizations through the donation of time and talent, as well as through financial contributions, to cultivate strong connections to the communities we serve. The DNow Lights program is designed to support and represent the consolidated and strategic philanthropic efforts of DNow and our employees worldwide and to leverage our organizational influence to make a positive impact.

Shareholder Engagement

We engage with our shareholders frequently to answer questions, address concerns, and solicit feedback. We are committed to maintaining shareholder engagement programs that are true dialogues and prepare and approach them to provide candid and accurate information on relevant issues such as our corporate strategy and position within the market. Our shareholder engagement team consists of representatives leading matters on behalf of the Company in areas of investor relations, health, safety, and environment, ESG initiatives, executive compensation, sustainability, and corporate governance functions. The perspectives of our shareholders are brought back to our team for discussion and potential implementation as well as to the Board to assist with our strategic decision making.

In 2024, we reached out to our top institutional investors representing over 70% of total ownership of the Company to discuss our updates on Board composition and ESG related matters and to receive any feedback on those items as well as executive compensation, amongst other items. As a result of this outreach, we had direct discussions with three of our top shareholders representing approximately 18% of our stock ownership and gained positive feedback from those conversations. We also engage with our shareholders by conducting periodic roadshows, participating at investor conferences, responding to individual investor inquiries and taking questions during our quarterly earnings calls and at our annual shareholders meeting.



Communications with Directors

The Board has provided a process for interested parties to communicate with our non-employee directors. Parties wishing to communicate confidentially with our non-employee directors may do so by calling 1-866-880-2773. This procedure is described on the Company's website in the Investor Relations/Corporate Governance section. Calls to this number will be answered by an independent, automated system at any time and a transcript of the call will then be delivered to a member of the Audit Committee. Parties wishing to send written communications to the Board, other than sales-related communications, should send a letter addressed to the member(s) of the Board to whom the communication is directed to the care of the Secretary of the Company at the address listed herein. All such communications will be forwarded to the Board member(s) specified. The Secretary will review such correspondence and, as appropriate, forward such correspondence to the Board for its consideration.

NYSE Corporate Governance Matters

As a listed company with the NYSE, our Chief Executive Officer, as required under Section 303A.12(a) of the NYSE Listed Company Manual, must certify to the NYSE each year whether he is aware of any

violation by the Company of NYSE Corporate Governance listing standards as of the date of the certification. On June 6, 2024, the Company's Chief Executive Officer submitted such a certification to the NYSE which stated that he was not aware of any violation by the Company of the NYSE Corporate Governance listing standards.

On February 18, 2025, the Company filed its 2024 Annual Report on Form 10-K with the SEC, which included as Exhibits 31.1 and 31.2 the Chief Executive Officer and Chief Financial Officer certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.

**RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS
PROPOSAL NO. 2 ON THE PROXY CARD**

Information Regarding our Independent Auditors

The Audit Committee of the Board has reappointed Ernst & Young LLP as independent auditors for 2025. Stockholders are being asked to vote upon the ratification of the appointment. Representatives of Ernst & Young LLP will attend the Annual Meeting where they will be available to respond to appropriate questions and have the opportunity to make a statement if they desire.

Vote Required for Approval

Stockholder ratification of the appointment of Ernst and Young LLP as our independent auditors is not required by our Bylaws, governing documents, regulations or otherwise. However, the Board is submitting the appointment to the stockholders for ratification as a matter of good corporate practice. The proposal to ratify the appointment of Ernst & Young LLP as our independent auditors will require approval of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting. In accordance with NYSE rules, a proposal to ratify independent auditors is considered to be a “discretionary” item. This means that brokerage firms may vote in their discretion on this matter on behalf of beneficial owners who have not furnished voting instructions within the time period specified in the voting instructions submitted by such brokerage firms. Abstentions, which will be counted as votes present for the purpose of determining a quorum, will have the effect of a vote against the proposal. Your shares will be voted as you specify on your proxy. If your proxy does not specify how you want your shares voted, they will be voted for the ratification of the appointment of Ernst & Young LLP as independent auditors.

Audit Fees

The Audit Committee preapproves services provided by the Company’s independent auditors to the Company. Consideration and approval of such services generally occurs in the regularly scheduled quarterly meetings of the Audit Committee. The Audit Committee has delegated the Chairman of the Audit Committee to preapprove allowed non-audit services, subject to review by the full committee at the next regularly scheduled meeting. The Audit Committee has considered whether the provision of all services other than those rendered for the audit of the Company’s financial statements is compatible with maintaining Ernst & Young LLP’s independence and has concluded that their independence is not compromised.

The following table sets forth Ernst & Young LLP’s fees for services rendered during 2023 and 2024. All services provided by Ernst & Young LLP were pre-approved by the Audit Committee.

	<u>2024</u>	<u>2023</u>
Audit Fees	\$1,805,000	\$1,771,354
Audit Related Fees ⁽¹⁾	\$55,000	\$55,000
Tax Fees	-	\$29,110
All Other Fees	-	-
	<hr/>	<hr/>
Total	\$1,860,000	\$1,855,464

⁽¹⁾ Consists of fees for audits of employee benefit plans and due diligence services on potential acquisitions.

Your Board of Directors recommends that you vote “FOR” the proposal to ratify the appointment of Ernst & Young LLP as its independent auditors for 2025.

AUDIT COMMITTEE REPORT

Composition

The Audit Committee is currently comprised of four members: Rodney Eads (Committee Chairman), Terry Bonno, Galen Cobb, and Karen David-Green. The Board of Directors has determined that all of the members of the Audit Committee are independent based on the guidelines set forth by the NYSE and SEC rules for the independence of Audit Committee members. The Board of Directors has also determined that all members of the Audit Committee meet both the NYSE standard of having accounting or related financial management expertise and the SEC's criteria of an Audit Committee Financial Expert.

Oversight Responsibilities

Under the Audit Committee Charter, which is available for review on the Company's website under the Investor Relations/Corporate Governance section, the Audit Committee's primary objective is to assist the Board of Directors in fulfilling its oversight responsibilities. The Audit Committee's primary purposes and functions are:

- (1) monitoring the integrity of the Company's financial statements, financial reporting processes, systems of internal controls regarding finance, and disclosure controls and procedures;
- (2) selecting and appointing the Company's independent auditors, pre-approving all audit and non-audit services to be provided, consistent with all applicable laws and regulations, to the Company by the Company's independent auditors, and establishing the fees and other compensation to be paid to the independent auditors;
- (3) overseeing the independence and performance of the Company's independent auditors and internal audit function;
- (4) establishing procedures for the receipt, retention, response to and treatment of complaints, including confidential and/or anonymous submissions by the Company's employees, regarding accounting, internal controls, disclosure or auditing matters, and providing an avenue of communication among the independent auditors, management, the internal audit function, and the Board; and
- (5) monitoring the Company's compliance with legal and regulatory requirements.

With respect to the oversight of accounting, internal controls, and disclosure matters as well as the Company's compliance with various legal and regulatory requirements, the Audit Committee reviews all reports generated by the Company's independently administered employee hotline and other corporate governance hotline systems as appropriate, but at least on a quarterly basis. The Audit Committee also reviews reports from the Company's enterprise risk management system, cybersecurity and AI monitoring systems, and ESG monitoring system and reports to the full Board on these matters each quarter.

Notwithstanding the foregoing, it is not the Audit Committee's duty to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP") or to conduct its own audits. In carrying out its duties, the Audit Committee relies on the Company's senior management, specifically senior financial management, who are responsible for establishing a system of internal controls, assessing such controls, and for preparing the consolidated financial statements in accordance with GAAP. Management is also responsible for assuring compliance with laws and regulations and the Company's corporate policies. The Company's independent registered public accountants are responsible for auditing the consolidated financial statements and the effectiveness

of our internal control over financial reporting in accordance with standards of the Public Company Accounting Oversight Board (the “PCAOB”) and issuing their reports based on those audits. During each regularly scheduled quarterly meeting in 2024, the Audit Committee met separately in executive session with both the internal audit director and the independent audit partner without Company’s senior management being present.

Oversight of Independent Auditor

The Audit Committee reviews in advance and pre-approves audit and non-audit services provided to the Company by the independent auditors. The Audit Committee is also directly responsible for reviewing with the independent registered public accountants the plans and scope of the audit engagement, and providing an open venue of communication among management, the internal audit function, the independent registered public accountants, and the Board.

In connection with the selection and appointment of the independent auditors each year, the Audit Committee reviews and evaluates the qualifications, performance, and independence of the independent auditors and lead partner including taking into account the opinions of management and the Company’s internal auditor. In doing so, the Audit Committee considers a number of factors including, but not limited to the following:

- Quality of services provided;
- Technical expertise and knowledge of the industry;
- Effective communication;
- Objectivity;
- Independence;
- Costs of services considering scope of services as compared to independent auditor costs of similar size public companies in same industry sector; and
- The potential impact of changing independent auditors.

Based on this evaluation, the Audit Committee has retained Ernst & Young LLP (“EY”) as the Company’s independent auditors for 2025. EY has been the Company’s independent auditors since 2013.

The Audit Committee and Board of Directors believe that it is in the best interests of the Company and its stockholders to continue retention of EY to serve as its independent auditors. Although the Audit Committee has the sole authority to appoint the independent auditors, the Audit Committee will continue to recommend that the Board of Directors request the stockholders at the Annual Meeting to ratify the appointment of the independent auditors.

2024 Audited Financial Statements

The Audit Committee reviewed and discussed with senior management the audited financial statements included in the Company’s Annual Report on Form 10-K. Management has confirmed to the Audit Committee that such financial statements have been prepared with integrity and objectivity and in conformity with GAAP. Non-GAAP measures reported by management are also reviewed by the Audit Committee to ensure transparency and consistency. The Audit Committee discussed with EY, the Company’s independent auditors, the matters required to be discussed by the applicable requirements of the PCAOB, which included the identification of Critical Audit Matters. The Audit Committee has received the written disclosures and the letter from EY required by applicable requirements of the PCAOB regarding EY’s communication with the Audit Committee concerning independence and has discussed with the independent auditors any relationships that may impact their objectivity and independence.

Based on the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's 2024 Annual Report on Form 10-K.

Members of the Audit Committee

Rodney Eads, Chair
Terry Bonno
Galen Cobb
Karen David-Green

APPROVAL OF COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS PROPOSAL NO. 3 ON THE PROXY CARD

A proposal will be presented at the meeting asking stockholders to approve on an advisory basis the compensation of the Company's named executive officers as described in this Proxy Statement.

Why You Should Approve our Executive Compensation Program

The Company's compensation philosophy is designed to attract and retain executive talent and emphasize pay for performance, including the creation of stockholder value. The Company encourages its stockholders to read the Executive Compensation section of this Proxy Statement, including the compensation tables, as well as the Compensation Discussion and Analysis (CD&A) section of this Proxy Statement, for a more detailed discussion of our compensation programs and policies. The Company believes its compensation programs and policies are appropriate and effective in implementing its compensation philosophy, in achieving its goals, and are aligned with stockholder interests and worthy of stockholder support.

The Company believes that stockholders should consider the following in determining whether to approve this proposal:

Compensation Program is Closely Linked to Stockholder Value

An important and significant portion of each executive's compensation at the Company is in the form of long-term incentive awards, which are directly linked to the Company's performance and the creation of stockholder value. The Company's long-term incentive awards consist of time-based restricted stock and performance-based share awards. Performance-based share awards comprise 50% of each executive's current long-term incentive awards. We believe this mix appropriately motivates long-term performance and rewards executives for absolute gains in share price, performance against designated metrics, and relative financial performance against a designated peer group.

Strong Pay-for-Performance Orientation

The Company's annual and long-term incentive programs pay its named executive officers only if certain performance metrics (absolute and/or relative) are achieved. Thus, two of the three components of an executive's pay at the Company are based on performance.

Compensation Program Has Appropriate Long-term Orientation

Minimum three-year vesting for equity awards: The Company encourages a long-term orientation by its executives through the use of three-year vesting requirements for annual grants of restricted stock and performance-based awards.

Summary of Good Governance and Risk Mitigating Factors

- *Limited Bonus payouts:* Bonus awards cannot exceed 200% of target, limiting excessive awards for short-term performance.
- *Balanced pay mix:* The mix of pay is balanced between annual and long-term compensation. For example, our CEO's total compensation for 2024 was approximately 84% at risk and the average total compensation for the other NEO's was approximately 73% at risk.
- *Multiple year vesting of long-term incentives:* Long-term incentive awards do not fully vest until a minimum of three years after the grant.

- *CEO Pay:* CEO base salary level and actual total direct compensation during 2024 was at the competitive peer median (the market 50th percentile).
- *Adoption of Executive and Board Stock Ownership Guidelines:* Stock ownership guidelines for its executive officers and directors to better align the interests of the Company’s executive officers and directors and the Company’s stockholders by requiring executives and directors to accumulate and retain a minimum of the Company’s stock at meaningful levels.
- *Clawback Policies:* The Company has clawback policies to protect the Company in the event of a financial restatement or an executive officer or other key level employees engage in serious misconduct.
- *Elimination of Stock Options:* The Company eliminated stock option grants in 2022 to avoid potential drastic compensation swings based on the short-term volatility in share price year over year in lieu of increasing restricted stock grants with a longer vest date.

Say on Pay Results and 2024 Enhancements

The Company’s 2024 Say on Pay vote at the May 2024 annual meeting received approximately 95% support from our shareholders. The Compensation Committee acknowledged the general high-level of support received from shareholders. The Compensation Committee continued to make enhancements to its compensation plan in 2024:

- (1) increased the EBITDA “entry” and “target” metrics at least ten percent higher in both the annual incentive awards and performance share awards to make achievement more challenging;
- (2) higher Return on Capital Employed (ROCE) “entry” and “target” metrics in the performance share awards to make achievement more challenging (40% and 50% respectively); and
- (3) refreshed the Company’s peer group by adding a new member and eliminating a former peer to ensure that the designated peer group continued to be within reasonable size parameters (generally 0.5 times to 2-3 times the Company’s revenues, assets, EBITDA and/or market capitalization) and were generally similar to the Company in terms of industry and/or operations.

The Compensation Committee continues its efforts to ensure that the executive compensation program is designed to align with the shareholder experience, enhances the link between executive pay and company performance, responds to changing market conditions, and retains skilled leaders who have a deep understanding of our business.

Because your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee and the Board will consider the outcome of the vote when evaluating future executive compensation programs and encourage shareholders to engage with the Company to understand their reasoning behind their votes, both positive and negative.

Shareholder Resolution

The Company’s compensation program for its named executive officers has been thoughtfully designed to support the Company’s long-term business strategies and drive creation of stockholder value. The program does not encourage excessive risk-taking by management. It is aligned with the competitive market for

talent and is highly sensitive to Company performance. The Company believes its program will deliver reasonable pay that is strongly linked to Company performance over time.

The following resolution will be submitted for a stockholder vote at the 2025 annual meeting:

“RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company’s named executive officers listed in the 2024 Summary Compensation Table included in the proxy statement for this meeting, as such compensation is disclosed pursuant to Item 402 of Regulation S-K in this proxy statement under the section entitled “Executive Compensation”, including the compensation tables and other narrative executive compensation disclosures set forth under that section, as well as the section in the proxy statement entitled “Compensation Discussion and Analysis.”

This advisory vote on the compensation of the Company’s named executive officers gives stockholders another mechanism to convey their views about the Company’s compensation programs and policies. Although your vote on executive compensation is not binding on the Company, the Board values the views of stockholders. The Board and Compensation Committee will review the results of the vote and take them into consideration in addressing future compensation policies and decisions.

Your Board of Directors recommends that you vote “FOR” the proposal to approve the compensation of our named executive officers.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy

The Company believes that a well designed and implemented compensation program is the key to attracting, retaining, developing, and motivating highly qualified talent that will successfully execute on the long-term strategy and in turn create value for its shareholders. Consistent with its “pay for performance” philosophy, the Company believes that compensation should be directly linked to performance and aligned with the shareholders experience. As such, a significant portion of the compensation for the Company’s named executive officers (“NEO”) is at-risk and is only realized if the Company achieves performance goals. The Company’s programs must be market competitive and therefore are benchmarked and reviewed annually.

Executive Officers

For the year-end December 31, 2024, the Company’s Named Executive Officers, were as follows:

Name	Position
David Cherechinsky	President and Chief Executive Officer
Mark Johnson	Senior Vice President and Chief Financial Officer
Raymond Chang	Vice President, General Counsel and Secretary
Kelly Munson	Chief Administrative and Information Officer
Rocio Surratt	Vice President – Finance and Corporate Controller



David Cherechinsky

President and Chief Executive Officer

Age 61

36 years with DNOW

Mr. Cherechinsky has served as President and Chief Executive Officer and been a director of the Company since June 2020. Prior to serving as President and Chief Executive Officer, Mr. Cherechinsky served as the Company’s Senior Vice President and Chief Financial Officer from February 2018 until June 2020. Mr. Cherechinsky previously served as Vice President, Corporate Controller and Chief Accounting Officer from February 2014 until February 2018. Mr. Cherechinsky served as Vice President—Finance for NOV’s distribution business group from 2003, and as Vice President—Finance for NOV’s Distribution & Transmission business segment from 2011, until the Company’s spin-off in May 2014. He previously served NOV starting in 1989 in various corporate roles, including internal auditor, credit management and business analyst, and is a CPA.

DNOW Professional Experience

- President and Chief Executive Officer (2020 – Present)
- Senior Vice President and Chief Financial Officer (2018 – 2020)
- Vice President, Corporate Controller and Chief Accounting Officer (2014 – 2018)



Mark Johnson

Senior Vice President
and Chief Financial
Officer

Age 43

16 years with DNOW

Mr. Johnson has served as the Company’s Senior Vice President and Chief Financial Officer since June 2020. Mr. Johnson previously served as the Company’s Vice President, Corporate Controller and Chief Accounting Officer from February 2018 until June 2020. Mr. Johnson also served as the Company’s Vice President – Finance and Assistant Corporate Controller from May 2014 until February 2018. Mr. Johnson served as Vice President – Finance for the NOV Distribution business group from 2012 until the Company’s spin-off in May 2014. Before joining NOV in 2008, he worked in public accounting and is a CPA.

DNOW Professional Experience

- Senior Vice President and Chief Financial Officer (2020 – Present)
- Vice President, Corporate Controller and Chief Accounting Officer (2018 – 2020)
- Vice President – Finance and Assistant Corporate Controller (2014 – 2018)



Raymond Chang

Vice President, General
Counsel and Secretary

Age 54

24 years with DNOW

Mr. Chang has served as the Company’s Vice President and General Counsel since February 2014. Mr. Chang served as NOV’s Vice President, Assistant General Counsel and Assistant Secretary from 2009 until the Company’s spin-off in May 2014. He previously served NOV starting in 2001 in various positions within its legal department. Prior to joining NOV, he was an associate at the law firm of Baker & McKenzie from 1997 until 2001.

DNOW Professional Experience

- Vice President, General Counsel, and Secretary (2014 – Present)



Kelly Munson

Chief Administrative
and Information Officer

Age 40

16 years with DNOW

Ms. Munson has served as the Company’s Chief Administrative and Information Officer since March 2020. Prior to this role, she served as the Company’s Director of Organizational Development and Human Resources responsible for global HR and Organization Development, Human Resource Information Systems and Recruiting. Ms. Munson has been with the Company and its predecessor since 2009 and has held progressively increasing roles in employee training and development, organization development, talent management and leadership development. Ms. Munson is a member of the Energy Workforce & Technology Council (formerly the Petroleum Equipment and Services Association) Advisory Board and HR committee and was a past member of its Emerging Leaders and committees.

DNOW Professional Experience

- Chief Administrative and Information Officer (2020 – Present)
- Director – Human Resources and Organizational Development (2018 – 2020)
- Director – Organizational Development (2014 – 2018)



Rocío Surratt

Vice President – Finance
and Corporate Controller

Age 49

14 years with DNOW

Ms. Surratt has served as the Company’s Vice President Finance and Corporate Controller since July 2020. Ms. Surratt also served as the Company’s Vice President of Finance from May 2014 until September 2018. Ms. Surratt served as Director – Finance for the NOV Distribution business group from 2012 until the Company’s spin-off in May 2014, and as International Controller from 2007 to 2012. Before joining NOV in 2007, she worked in public accounting.

DNOW Professional Experience

- Vice President – Finance and Corporate Controller (2020 – Present)
- Vice President of Finance (2014 – 2018)

The Named Executive Officers of the Company serve at the pleasure of the Board and are subject to annual appointment by the Board of Directors. None of the executive officers, directors, or nominees for director has any family relationships with each other. Please refer to the “*Summary Compensation*” table for details on actual compensation paid for the year-ended December 31, 2024.

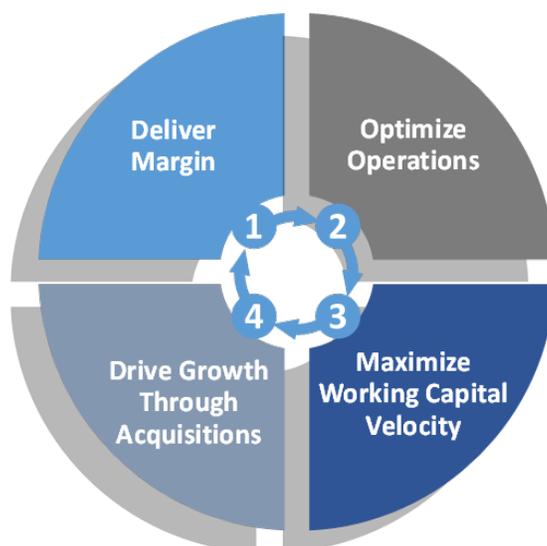
General Compensation Overview

DNOW Inc.'s executive compensation program is administered by the Compensation Committee of the Board. The Compensation Committee establishes specific compensation levels for the Company's executive officers and administers the Company's long-term incentive award plans. The Compensation Committee's primary objective regarding executive compensation is to design and implement a compensation program that will attract and retain the best available talent to serve on the Company's executive team and incentivize those executives to achieve both the Company's short-term and long-term financial and operational goals. With this objective, the Compensation Committee strives to provide compensation packages for key executives that offer compensation opportunities in the median range of the companies in its designated peer group as described below. The Compensation Committee reviews and determines all elements of compensation for the Company's named executive officers with input from its independent compensation consultant, review of peer group pay levels and practices, and feedback from our shareholders. Data sources reviewed by the Compensation Committee and its independent compensation consultants include industry survey groups, national survey databases, proxy disclosures, and general trend data, which are updated annually. In fulfilling its duties, the Compensation Committee is supported by the Chief Administrative and Information Officer and receives recommendations from the Chief Executive Officer regarding the performance and compensation for all officers other than himself. The Compensation Committee reviews all elements of executive compensation both separately and in the aggregate.

The major components of the executive compensation program for 2024 were base salary, annual cash incentive, and long-term incentives in form of restricted stock and performance-based restricted stock awards.

DNOW's Strategy to Unlock Value

DNOW's strategy is based on a four facet approach: (1) Deliver Margin Discipline; (2) Optimize Operations; (3) Maximize Working Capital Velocity; and (4) Drive Growth Through Acquisitions. This strategy has allowed us to bolster DNOW's capabilities and expand our core market, while further penetrating adjacent industrial markets and enhance our product offering. This approach provides additional opportunities for growth which enhances our earnings profile and reinforces our commitment to increasing long-term value for our shareholders and fuels our future success.



1) Deliver Margin Discipline	<ul style="list-style-type: none"> • High grade product and service offerings • Diversify customer base through more balanced energy-end markets • Use pricing discipline and leveraging technology in e-commerce efforts • Optimizing distribution network and product mix • Growing with strategic suppliers by signing maintenance, repair, and operating agreements and focus on negotiating and reworking commercial contracts which are mutually beneficial both for the Company and its customers • Promote opportunities in energy evolution such as renewable energy, decarbonization and CCUS projects, biofuels and RNG • Continuing to tightly manage expenses
2) Optimize Operations	<ul style="list-style-type: none"> • Scale size and number of locations to match market opportunity including expanding upon supercenter model to new locations • Maximize regional stock fulfillment strategy • Invest in, train, and develop our human capital, devoting internal resources to promoting a strategic internal succession planning model through talent management • Minimize our impact on the environment • Cost transformation to align to market demand and preserve our balance sheet • Add leverage to our core business for growth
3) Maximize Working Capital Velocity	<ul style="list-style-type: none"> • Invest in organic and inorganic growth • Focus capital on high value-add solutions • Leverage inventory investment by optimizing days inventory outstanding or “DIO” • Allocate capital to high value-add product lines and solutions to navigate the energy transition • Continue to conservatively manage debt and increase cash position • Take advantage of share repurchases at cost average positive positions
4) Drive Growth Through Acquisitions	<ul style="list-style-type: none"> • Seek margin accretive companies that possess differentiated products and solutions • Highly selective in evaluating targets in the current environment • Leverage acquired product lines to gain organic share • Promote cross-selling into energy operations at higher margins and leverage our strengths in our business units to enhance relationships • Seek high value-add products and solutions • Increase barriers to entry • Focus on targets which help our customers meet emission reduction goals

Strategic Growth Plan to Increase Shareholder Value

Focused on growing sustainable earnings and free cash flow through the cycle

<p>Defend and grow market share within core energy markets</p> <ul style="list-style-type: none"> Expand wallet and market share in upstream Expand opportunities in midstream market Leverage strengths through supercenters and enhanced service model 	<p>Growth from customer investments tied to decarbonization and energy evolution</p> <ul style="list-style-type: none"> Provide products for acid infrastructure and methane emission reduction projects Expand opportunities from customer investments in CCUS and new energy Expand opportunities from customer investments in renewable fuels 	<p>Additional growth through adjacent industrial markets</p> <ul style="list-style-type: none"> Targeting mining, water and chemical markets that align with our pump supplier agreements to expand and diversify markets Expand aftermarket service capabilities driving high margin incremental revenues 	<p>Support organic growth through free cash flow</p> <ul style="list-style-type: none"> Low capex business Efficient use of working capital to support organic growth 	<p>Share buyback program</p> <ul style="list-style-type: none"> Previously authorized \$80M share buyback program was fully executed during the fourth quarter of 2024 Board authorized in January 2025 a new \$160M share buyback program, double the size of the previous share buyback program, increasing shareholder value while providing maximum flexibility in DNOW's long-term capital allocation strategy 	<p>Inorganic accumulation strategy to grow earnings and FCF</p> <ul style="list-style-type: none"> Closed two acquisitions in 2024 Whico Supply, which expands DNOW's presence in the midstream end market, further diversifying revenue Trojan Rentals, which expands U.S. Process Solutions, expands services in the water management end market Continue to evaluate a pipeline of margin accretive, attractive companies which continue to expand our U.S. Process Solutions business
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Products & Services

 Pumps, Production & Drilling	 Pipe	 Valves	 Fittings & Flanges	 Mill, Tool, MRO, Safety & Other
 Electrical	 Power Generation & Transmission	 Artificial Lift	 Instrumentation & Measurement	 Industrial & Facilities Supplies

Solutions	DigitalNOW® Ecosystem
<p> Digital Solutions & Technology</p> <p> Supply Chain & Materials Management</p> <p> Engineering, Design & Fabrication</p> <p> Valve Actuation & Automation</p> <p> Safety Services</p> <p> Turnaround & Shutdown Support</p>	<p> eCommerce</p> <p> eSpec™ Product Configurator</p> <p> eTrack™ Asset Management</p> <p> OptiWatch Pump Monitoring</p> <p> Sable Automation Solutions</p> <p> Customer Information Portal and DNOW Data Analytics</p>
Point of Sales Convenience	
<p> AccessNOW™ Inventory Control</p> <p> Mobile Consignment App</p>	

We are focused on Driving Sustainable Value by providing products and services that can help our customers meet their combined operational and environmental goals.

2024 Performance Overview

In 2024, the Company had the following highlights:

Fiscal Year Business Performance			
Free Cash Flow*	Revenue	EBITDA*	Operating Profit
\$289 million	\$2.373 billion	\$176 million	\$113 million
Selected highlights include:			
<ul style="list-style-type: none">• Cash provided by operating activities was \$298 million;• \$289 million in free cash flow, nearly twice the Company's projections for 2024;• \$176 million in EBITDA or 7.4% of revenue for the full-year;• Total liquidity at the end of the year equaled \$556 million, including \$256 million in cash and zero debt, following two acquisitions (Trojan Rentals and Whitco Supply) paid for in cash;• Revenue grew to \$2.373 billion total (up 2% year over year), its highest level since 2019;• Gross margins averaged 22.5% for the year, slightly down from 23.1% in 2023;• Completed purchases under the \$80 million board approved share repurchase program and announced a new \$160 million program in January 2025.			
Key performance metrics are defined in our Form 10-K for the fiscal year ended December 31, 2024.			

* EBITDA and Free Cash Flow are non-GAAP financial measures. See *Non-GAAP and Other Financial Measures* in our Form 10-K for the fiscal year ended December 31, 2024 for a reconciliation of non-GAAP financial measures used in this section to our results as reported under GAAP and an explanation of the reasons why the Company believes the non-GAAP financial information is useful and the nature and limitations of the non-GAAP financial measures.

The Company continued to be the leader within the upstream distribution energy market and saw expansion in both the midstream market and the Company's process solution segment with the additions of Whitco Supply and Trojan Rentals in 2024. These acquisitions show the Company's continued focus on inorganic growth through acquisitions by taking a patient and disciplined approach of targeting margin accretive businesses and expanding existing relationships and geographical customer service. The Company continued to be debt-free and produced results that fueled an organic growth and efficient operations strategy by driving significant free cash flow while producing solid revenue growth. The Company's commitment to repurchase shares opportunistically and a broadened capital allocation framework to generate attractive shareholder returns without deviating from a disciplined approach to balance sheet management continue to be drivers despite softer than hoped for market conditions. The Company's results show its cash generation capabilities and future earnings potential alongside its acquisition focus and share repurchases providing multiple avenues for shareholder value creation.



Significantly Improved Earnings

Key trends and financial performance as market activity changes

2H 2014 ¹	2018	2022	2024
U.S. Rigs: 1,907 U.S. Completions: 6,865 WW Rigs: 3,635	U.S. Rigs: 1,032 U.S. Completions: 4,172 WW Rigs: 2,211	U.S. Rigs: 721 U.S. Completions: 3,276 WW Rigs: 1,747	U.S. Rigs: 600 U.S. Completions: 2,933 WW Rigs: 1,735
Revenue: \$2.1B EBITDA: \$97M 4.7% of Revenue Cash \$195M FCF \$17M	Revenue: \$3.1B EBITDA: \$125M 4.0% of Revenue Cash \$116M FCF \$62M	Revenue: \$2.1B EBITDA: \$175M 8.2% of Revenue Cash \$212M FCF \$(9)M	Revenue: \$2.4B EBITDA: \$176M 7.4% of Revenue Cash \$256M FCF \$289M

¹ DNOW spin off as a public company completed in 2Q14
Quarterly average rig values based on Baker Hughes Rig Count; Quarterly average of U.S. Completions based on EIA

Share Repurchase Initiative and Expansion

On August 3, 2022, the Board of Directors of the Company authorized and approved a share repurchase program for up to \$80 million of the outstanding shares of the Company’s common stock over a period expiring on December 31, 2024. Under the share repurchase program, the Company could repurchase shares through open market purchases, privately-negotiated transactions, block purchases, or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934. The Company concluded its initial share repurchase program on December 31, 2024 by repurchasing the full limit of \$80 million of outstanding shares. As a result of the value that the Company saw created by the repurchase program, along with the belief that the Company’s share price was still undervalued, the Company’s Board approved a second repurchase program on January 24, 2025 for up to \$160 million of the current outstanding shares of the Company’s common stock, which is double in size from the Company’s original share repurchase program.

The authorization of a share repurchase program complements the Company’s acquisition strategy and illustrates an expanded commitment to generating attractive full-cycle shareholder returns without deviating from a disciplined approach to balance sheet management. The extension and substantial increase in the share repurchase program further demonstrates the strength in the Company’s business, complements its acquisition focus, and illustrates its continued commitment to a disciplined capital allocation strategy, delivering attractive full cycle returns and maximizing value to its shareholders. As with the previous program, the actual timing and manner of shares repurchased under the program will be determined by the Company’s management team at their sole discretion. The Company cannot predict when or if it will repurchase any shares of common stock as such share repurchase program will depend on several factors, including share price, general business and market conditions, blackout trading periods, and alternative investment opportunities.

Compensation Program Features

The Compensation Committee believes that it has built a compensation program that will attract and retain the best available talent to serve on the Company’s executive team and incentivize those executives to achieve the Company’s short-term and long-term financial and operational goals. Our compensation

program and policies include key features that are designed to align the interests of our executives and stockholders and to mitigate compensation-related risks.

The Compensation Committee continues its efforts to solicit shareholder feedback to ensure that the executive compensation program is designed to align with shareholder interests, enhances the link between executive pay and company performance, responds to changing market practices, and retain skilled leaders who have a deep understanding of our business. The Company’s 2024 Say on Pay vote received approximately 95% support from our shareholders. The table below highlights our practices:

What DNOW Does ✓	What DNOW Does NOT Do ×
✓ Design compensation programs that do not encourage excessive risk-taking	× No gross-up payments to cover excise taxes or perquisites
✓ Long-term incentives linked to stock price appreciation and Company financial performance	× No guaranteed annual or multi-year bonuses
✓ Target the majority of NEO compensation to be performance based and at risk (84% last year for CEO and 73% for other NEO’s)	× No repricing of underwater stock options
✓ Apply multiple performance metrics aligned with our corporate strategy and long-term vision	× No significant compensation in the form of perquisites for executives; all have specific business rationale
✓ Cap maximum payouts for short-term and long-term incentive plans at 200%	× No pledging or hedging of our shares by executive officers or directors
✓ Varied performance metrics under short-term and long-term incentive plans	× Price stock grants below grant date fair market value
✓ Have extended vesting periods (minimum of three years) on stock and performance awards	
✓ Maintain a fully independent Compensation Committee	
✓ Independent compensation consultant reporting directly to the Compensation Committee that does no other work for the Company	
✓ Hold an annual Say-on-Pay vote and robust shareholder engagement plan to consider feedback in the design of our annual compensation program	
✓ Benchmark pay relative to the market and review the designated peer group on an annual basis	
✓ Mitigate undue risk in compensation programs	

Key Compensation Actions and Decisions

Through engagement with our investors, we have received feedback on preferences regarding our executive compensation program and have built in questions soliciting feedback on our executive compensation program. As previously noted, shareholder sentiment has been generally very positive and no issues or concerns have been conveyed over the Company’s executive compensation program as part of our engagement following the 2024 annual meeting. However, the items listed herein represent key feedback we have received in the past and how we have responded to that feedback over time. In addition to engaging with our shareholders, we continually engage with the proxy advisory firms, Institutional Shareholder Services (ISS) and Glass Lewis to gain clarity on matters they highlighted in their reports to investors. We

review how they have evaluated our past proxy disclosures and how they intend to evaluate our future proxy disclosures.

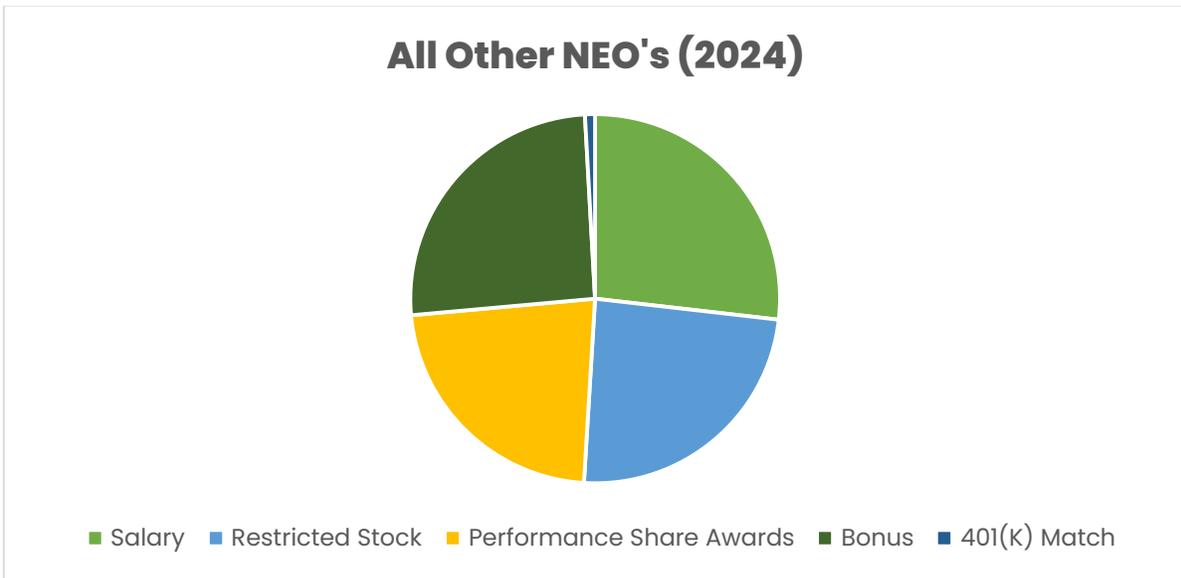
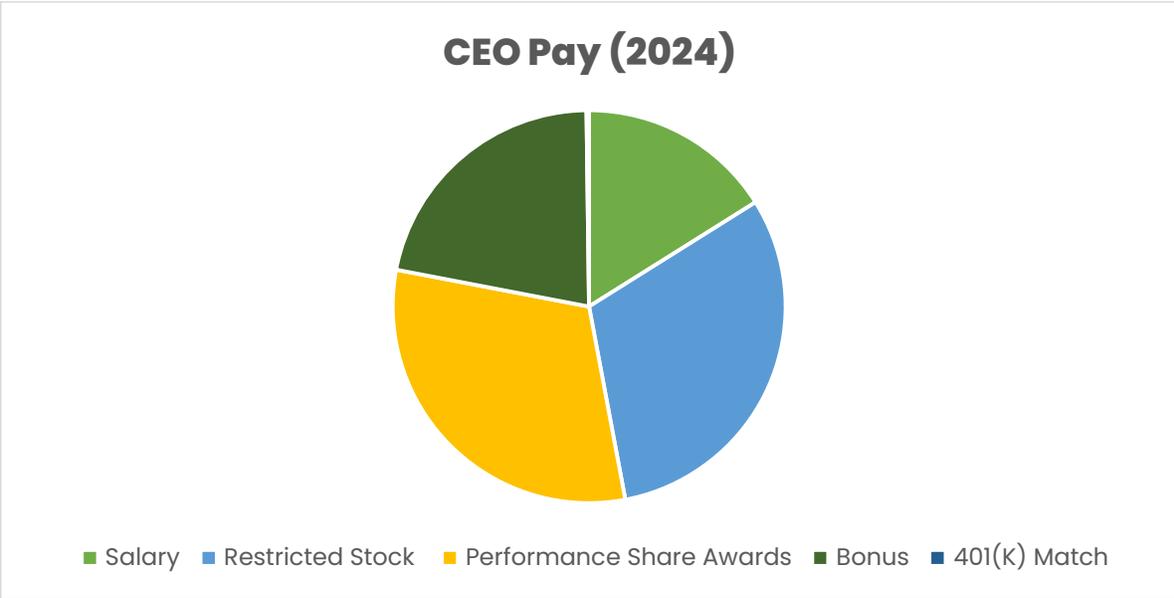
Compensation Changes Over the Last Five Years

- Enhanced disclosure on specific performance metric targets for our annual short-term incentive plan;
- Evaluated and adjusted, on an annual basis, compensation peer group to enhance and improve comparisons between the Company and its peer group;
- Instituted ownership requirements where officers must maintain a minimum of three times their annual base salary and the Chief Executive Officer must maintain six times his annual base salary;
- Distinguished separate metrics in the annual incentive plan and performance share awards with the exception of EBITDA, which is commonly seen as the Company's most important financial metric;
 - The annual incentive EBITDA metric is based off of current market trends and projections for a one-year period while the performance share metric is based on a three-year time period so they are not identical metrics.
- Long-term incentive program has more weighting on performance-based awards and metrics with greater reliance on performance-based measures relative to a peer group, such as total shareholder return;
- Introduced scaled weighted performance measures to the annual incentive plan based on market importance of the metrics with 70% weighted to EBITDA and the remaining 30% weighted to Working Capital;
- Enhanced robust clawback policies and measures in the event of a financial restatement or an executive officer or other key level employees engage in serious misconduct;
- Eliminated stock option grants as long-term incentive awards beginning in 2022 resulting in a split of 50% restricted stock and 50% performance share awards; and
- Significantly increased annual incentive targets based on Company's positive financial performance.
 - For example, 2020 maximum achievement levels for EBITDA and Working Capital under the annual incentive plan were 5% and 20% respectively. In 2024, the entry achievement levels which would need to be achieved for any bonus payout were 5.5% for EBITDA and 20% for Working Capital (more than the maximum level four years prior).

We believe that our continued outreach with shareholders and annual review on market standards show compensation practices that are appropriate and in line for a company of our size and stage of growth. We intend to continue engaging with our shareholders and reviewing our compensation and governance practices in the future.

Pay Mix

The Company believes that compensation should be directly linked to performance and the creation of long-term value for our stockholders. Consistent with our "pay for performance" philosophy, the Company's executive compensation is primarily "at risk", performance based, and is directly tied to the Company's results. Executives of the Company are incentivized to increase the Company's profitability and stockholder return and to optimize the Company's financial performance in order to earn a significant portion of their compensation package. For example, our CEO's total compensation for 2024 was approximately 84% at risk and the average total compensation for the other NEO's was approximately 73% at risk. The Company achieves this by providing a mix of base salary with short-term and long-term incentive awards ensuring that compensation opportunities are measured by a variety of time-based targets to balance both our near-term and long-term strategic goals.



The Company’s compensation program places a strong emphasis on performance driven annual and long-term incentives to align the executive’s interests with stockholder value. The annual and long-term incentives are calculated and paid based primarily on financial measures of profitability and stockholder value creation. Executives are committed to achieving superior operational and financial performance which is assessed relative to rigorous goals that reflect a continuous improvement mentality.

The Company seeks to structure a balance between achieving strong short-term annual results and ensuring the Company’s long-term success and viability. The Company wants each of its executives to balance their focus between the Company’s day-to-day operational performance and the Company’s long-term goals and strategies.

Compensation Consultant Change and Independence

In April 2024, the Company’s independent compensation consultant NFPCC was purchased as a part of an acquisition by Aon plc. As a result of this acquisition, the Compensation Committee underwent a thorough review of potential consultants for the role in best serving the Company. In August 2024, the Company

chose Zayla Partners (herein referred to as “Zayla”) for the role as the Compensation Committee’s independent compensation consultant.

In connection with its engagement of Zayla, the Compensation Committee considered various factors bearing upon Zayla’s independence including, but not limited to, the amount of fees received by Zayla from the Company as a percentage of Zayla’s total revenue, Zayla’s policies and procedures designed to prevent conflicts of interest, and the existence of any business or personal relationship that could impact Zayla’s independence. After reviewing these and other factors, the Compensation Committee determined that Zayla was independent and that its engagement did not present any conflicts of interest. Zayla also determined that it was independent from management and confirmed this to the Compensation Committee.

In furtherance of maintaining the independence of the Compensation Committee’s compensation consultant, the Compensation Committee has the sole authority to retain or terminate Zayla.

Components of DNOW’s Compensation Program

Fixed Pay

Base Salary

- Fixed level of compensation to attract and retain executive talent
- Salary level based on tenure, expertise, scope of responsibility and individual performance

“At Risk” Pay - Performance Based

Annual Incentives (Cash)

- Incentivize and reward executives for achieving the Company’s profitability goals
- Encourage prudent deployment of capital
- Attract, motivate, and retain high quality management talent

“At Risk” Pay - Performance Based

Performance Shares

- Recognizes the Company’s total shareholder performance relative to industry peers
- Encourage positive financial results on the income statement and balance sheet
- Links the Company’s performance to long-term stockholder value creation
- Provides a long-term incentive vehicle tied to a three-year performance goal

“At Risk” Pay – Time Based

Restricted Stock

- Aligns interest of executives with shareholders by providing long-term stock ownership
- Requires three-year cliff vesting, thus serving as a retention tool

There were no compensation policy differences among the individual executives in 2024. While more senior officers, such as the Chief Executive Officer, receive higher compensation (*i.e.* base salary, bonus percentage, and restricted and performance share grant levels) consistent with their increased responsibilities, changes to executive compensation were made in alignment with market movements and to maintain the principal approach of positioning executives within the market median. These changes and differences are reviewed and considered annually by the Compensation Committee in connection with the compensation analysis performed by its independent consultant.

Compensation of the Chief Executive Officer

The Compensation Committee annually reviews the compensation of the Chief Executive Officer based on competitive peer group data, leadership, meeting operational goals, executing the Company's business plan, tenure and years of experience, and achieving certain financial results.

Through its annual evaluation of the Chief Executive Officer's base salary level, the Compensation Committee reviews the compensation level of the Chief Executive Officers of each of the companies in the designated peer group and considers the Chief Executive Officer's individual performance and success in achieving the Company's strategic objectives.

The Compensation Committee establishes goals and objectives for the Chief Executive Officer for each fiscal year. For 2025, Mr. Cherechinsky's performance as Chief Executive Officer will be measured in three key areas of the Company that align with DNOW's strategic goals: (1) Drive the Execution of DNOW's Five-Year Strategy, (2) Align Mergers and Acquisition Strategy with DNOW's Five-Year Strategy, and (3) Enhance Retention and Development of Top Talent.

The specific goals were set based on a determination of prioritizing the Chief Executive Officer's efforts on those specific areas and responsibilities that would have the greatest impact on the Company.

Competitive Positioning with Peer Group Selection

Because of the goals and objectives for executive compensation, the Company believes each element of compensation should be properly designed, as well as be competitive with the marketplace, to incentivize its executives and attract and retain talented executives.

As part of its process to establish compensation levels for the Company's named executive officers, the Compensation Committee compares each of the major elements of compensation (base salary, annual bonus, and long-term incentives) for each of its named executive officers against the median compensation provided to comparable executive officers at companies in a designated peer group. The Compensation Committee is responsible for selecting the Company's peers, evaluating their inclusion on an annual basis, and making additions or subtractions as necessary. When analyzing peer group data, the Compensation Committee does not establish a specific numeric range around the median data points which it considers reasonable or acceptable. Rather, in setting compensation for any particular named executive officer, the Compensation Committee considers any variance from the median, taking into account other factors as discussed below, and determines whether such variance is appropriate. If the Compensation Committee determines that any variance is unwarranted, the Compensation Committee will make appropriate adjustments to the compensation levels. The Compensation Committee uses the performance of the peer group to evaluate our relative TSR performance under the performance share award analysis.

2024 DNOW Peer Group

Applied Industrial Technologies, Inc.	Kaman Corp.	Oceaneering International, Inc.
DXP Enterprises, Inc.	Kennametal, Inc.	ProPetro Holding Corp
Flowserve Corp.	Kirby Corporation	RPC, Inc.
Global Industrial Company	Liberty Energy	Select Water Solutions
GMS Inc.	MRC Global Inc.	
H&E Equipment Services	MSC Industrial Direct Co. Inc.	

In September 2024, the Compensation Committee requested that its independent compensation consultant Zayla review its designated peer group against which the Company's named executive officers' compensation is compared and provide recommendations on the ongoing peer group framework. The designated peer group is comprised of companies of similar size, companies in the equipment and services

industry with an emphasis on serving the energy industry, and companies in the peer group of its closest competitors, as well as companies for which the Company competes for management talent.

After reviewing the peer group and Zayla’s analysis and recommendations, the Compensation Committee approved a peer group of 16 companies to form the Company’s current designated peer group. One previous peer company (Kaman Corp) was removed due to that peer company being involved in a merger with a larger company which caused Kaman’s common stock to cease trading and be delisted from the New York Stock Exchange. Additionally, one new peer company (BlueLinx Holdings Inc.) was added to the peer group (as it met the reasonable size parameters as discussed above and had general similarity in business industry and/or operations to the Company). The Compensation Committee recognized that the designated members of the peer group were within reasonable size parameters (generally 0.5 times to 2 times the Company’s revenues, assets, EBITDA and/or market capitalization) and were generally similar to the Company in terms of industry and/or operations.

2025 DNOW Peer Group

Applied Industrial Technologies, Inc.	H&E Equipment Services	Oceaneering International, Inc.
BlueLinx Holdings Inc.	Kennametal, Inc.	ProPetro Holding Corp
DXP Enterprises, Inc.	Kirby Corporation	RPC, Inc.
Flowserve Corp.	Liberty Energy	Select Water Solutions
Global Industrial Company	MRC Global Inc.	
GMS Inc.	MSC Industrial Direct Co. Inc.	

Separately, the Compensation Committee engaged Zayla in September 2024 to conduct its annual competitive review of executive compensation for the Company’s named executive officers relative to its peer companies, as well as to analyze internal pay equity based on the peer group approved by the Compensation Committee. Zayla analyzed and compared each position’s responsibilities and job title to develop competitive market data. Its executive compensation review covered the following elements of compensation: base salaries, annual bonuses (realizable), and equity compensation (realizable). Zayla generated data on the components of the Company’s compensation program compared to the market 25th percentile, market 50th percentile, and market 75th percentile of the designated peer group.

Based on the compiled data and the comparisons prepared by Zayla, the Compensation Committee, in consultation with the Company and Zayla, determined that the total direct compensation for the Company’s named executive officers relative to the designated peer group was generally positioned around the 50th percentile range of the peer group.

Components of Compensation

The following describes the elements of the Company’s compensation program for the Company’s named executive officers for 2024, why they were selected, and how the amounts of each element were determined.

Base Salary

Base salaries provide executives with a fixed level of monthly cash income. While the Compensation Committee is aware of competitive levels, actual salary levels are based on factors including tenure, individual performance, level, and scope of responsibility. The Company does not give specific weight to these factors. The Compensation Committee determines median base salary levels by having Zayla conduct a comprehensive review of information provided in proxy statements filed by the Company’s peer companies. Each executive is reviewed by the Compensation Committee individually on an annual basis. Salary adjustments are based on the individual’s experience and background, the individual’s performance during the prior year, the general movement of salaries in the marketplace, the Company’s financial position and the recommendations of our Chief Executive Officer (other than for himself). As a result of these

factors, an executive’s base salary may be above or below the targeted median at any point in time. The Compensation Committee only establishes specific individual goals for the Company’s Chief Executive Officer (see “*Compensation of the Chief Executive Officer*” above).

Median Base Salary Target

In November 2023, the Compensation Committee conducted its annual review with its independent compensation consultant NFPCC who noted that base salary pay in the aggregate for the named executive officers was aligned around the 50th percentile meeting expectations set in the November 2021 meeting. NFPCC stated that base salaries for executives in the market were expected to increase approximately 3.5-4.5% in 2024. As a result, NFPCC recommended a 3% increase in base salaries. NFPCC also recommended the participation level for Mr. Cherechinsky’s annual incentive plan starting in 2024 be raised from 100% to 110% to better align amongst the Company’s peers at the CEO position.

In November 2024, the Compensation Committee conducted its annual review of the compensation of the executives of the Company with its new independent compensation consultant, Zayla Partners, against the Company’s designated peer group of companies. Zayla noted that overall total direct NEO compensation was just below the 50th percentile market median, while non-NEO total direct compensation was just above the 50th percentile market median, and that overall NEO and non-NEO direct total compensation was at market median. Zayla also discussed testing the rigor of the Company’s short-term and long-term incentive compensation program and structure, noting that it was in the middle of the market median, and payments were aligned with performance and shareholder returns. Zayla then discussed its recommendation for adjustments to each of the NEO’s compensation (base salary, short-term incentive target and long-term incentive target). The Compensation Committee did not make any decisions on 2025 compensation at this meeting and decided to address these matters at its next meeting in 2025.

Accordingly, the Company’s named executive officers had the following base salaries as of December 31, 2024:

Name	2024 Base Salary
David Cherechinsky	\$978,500
Mark Johnson	\$515,000
Raymond Chang	\$471,328
Kelly Munson	\$391,400
Rocio Surratt	\$283,250

Annual Incentive Award

The objectives of the Company’s annual cash incentive plan are to incentivize performance to achieve the Company’s corporate growth and profitability goals, encourage smart investments and prudent employment of capital, encourage efficient and optimal cash flow management, and provide competitive compensation packages to attract and retain management talent.

The Company’s annual incentive plan is designed to reward its employees in line with the financial achievements of the Company on an annual basis. Most corporate exempt employees of the Company, including the named executive officers, were eligible to participate in the Company’s annual incentive plan in 2024, aligning a portion of each employee’s cash compensation with the Company’s performance. When the Company achieves strong financial results, its executives are rewarded through its annual incentive plan. The Company believes this structure helps keep the executives properly motivated to continue helping the Company achieve strong results year over year.

The Company’s annual incentive plan has two independent pre-determined metrics to measure the Company’s success and payouts under such plan: (1) EBITDA excluding other costs percentage (“EBITDA”) and (2) working capital as a percentage of revenue (“Working Capital”). These two metrics were chosen to align management’s incentives with DNOW’s strategic goals, which have been extensively communicated to DNOW’s shareholders. EBITDA means earnings before interest, taxes, depreciation, and amortization. EBITDA excluding other costs (referred to as “EBITDA” within this document) is reconciled in the Company’s 2024 Form 10-K to the most comparable GAAP financial measure and excludes the impact of certain other amounts and is not calculated in accordance with GAAP. EBITDA is directly aligned with DNOW’s strategic goal to optimize operations. This metric incentivizes executive officers to focus on DNOW’s core operations and the overall health of its business. Working capital is defined as current assets (excluding cash) less current liabilities (excluding short-term borrowings) and is directly aligned with DNOW’s strategic approach to capital allocation. This metric incentivizes executive officers to focus on DNOW’s liquidity, operational efficiency and short-term financial health. Our shareholders consider both of these metrics to be very important to them in judging the Company’s overall performance.

Annual Incentive Metric	Alignment With Strategy
EBITDA (70%)	EBITDA is directly aligned with DNOW’s strategic goal to optimize operations. This metric incentivizes executive officers to focus on DNOW’s core operations and overall health of our business.
Working capital (30%)	Working capital is directly aligned with DNOW’s strategic approach to capital allocation. This metric incentivizes executive officers to focus on DNOW’s liquidity, operational efficiency and short-term financial health.

Each participant is assigned a target level percentage bonus (target incentive opportunity) which ranges from 5% to 110% of their salary, depending on the level of the participant. There are three performance result levels of the percentage bonuses set under the incentive plan for each of the two performance level metrics – entry (50%), target (100%), and maximum (200%) (the “performance metric result”). Entry level is the “minimum” level of EBITDA and Working Capital for which the Company provides an annual incentive payout.

Performance Levels	Payout Level
Below Entry	No Payout
Entry	50% of Target Payout
Target	100% of Target Payout
Maximum	200% of Target Payout

If the Company’s EBITDA or Working Capital is less than the entry level threshold, then there is no payout in that fiscal year for that performance metric portion of the annual incentive. Results falling between the stated thresholds of entry, target, and maximum will result in an interpolated or sliding scale payout. Effective February 2020, the Company added a threshold condition that the Company needed to achieve at least the Company’s entry level EBITDA before any bonus payout would be payable under either performance metric, regardless of what working capital metric was achieved.

For 2024, the Chief Executive Officer’s participation level was 110% to better align amongst the Company’s peers at the CEO position, and the other executive officers’ participation levels were between 65-80%. These participation level percentages are based on each executive’s level of responsibility for the Company’s financial performance.

Name	Participation Level (% of Base Salary)
David Cherechinsky	110%
Mark Johnson	80%
Raymond Chang	80%
Kelly Munson	80%
Rocio Surratt	65%

The target level is set based on the Company’s operating and financial plan for that given year, which is thoroughly prepared and reviewed by the Company each year based on projected industry market conditions for that year and the operating budgets announced by companies in the industry. This plan and the target objective are fully reviewed and vetted by the Compensation Committee as well as the Company’s full Board. The target objective is thus set at a level that the Company believes is challenging to meet but achievable if the Company properly and efficiently executes on its operational plan and market conditions are positive and favorable during the year.

The entry and maximum level of EBITDA and Working Capital under the incentive plan are set based off of the target objective. The Compensation Committee believes this objective, formulaic measure allows the entry objective to be set at a level that the Company can achieve even if in down markets. The entry objective serves to motivate the Company’s executives to continue to work towards executing the Company’s operational plan if market conditions, which are generally outside the control of the Company, are not as favorable as originally projected. The Compensation Committee believes this objective, formulaic measure allows the “maximum” objective to be set at a level that would be extremely challenging for the Company to achieve. The Compensation Committee believes that, for the maximum objective to be achieved, a combination of market conditions being much more favorable than initially forecasted and the Company executing its operational plan in a highly efficient manner would need to occur.

Depending on prevailing and forecasted market conditions from year to year, the EBITDA and Working Capital metric levels (entry, target, and maximum) may be reduced or increased from one year to the next. However, metric levels are not subject to change or adjustment during an active performance year. Any such reduction in metric levels from year to year does not mean the rigor of the annual cash incentive program has been reduced or lessened. Given that market conditions may be projected to be stronger in certain years (and performance is greater in those years) and weaker in other years (and performance is less in those years), as supported by the cyclical nature of certain of the industries the Company serves, the Compensation Committee and the Company take those factors into consideration when setting these metric levels on an annual basis to ensure, irrespective of the actual metric levels for a given year, that the Company’s annual cash incentive program maintains the same level of rigor each year in order to achieve an incentive payout.

2024 DNOW Inc. Annual Incentive Plan

In February 2024, the Compensation Committee approved the structure of the 2024 DNOW Inc. Annual Incentive Plan with 70% weighted to the EBITDA metric and the remaining 30% weighted to the Working Capital metric. The Compensation Committee approved the greater weighting to the EBITDA metric because the EBITDA metric is generally considered by the Company’s shareholders to be the most important financial metric for which the Company is measured. Also, as the Company has achieved greater historical success with the Working Capital metric, the Compensation Committee chose to incentivize better Company performance by having an increased weighting to the EBITDA metric.

With respect to the EBITDA performance metric, the Compensation Committee approved the EBITDA performance metrics at 5.5%, 7.9% and 8.7% for the entry, target, and maximum levels for 2024, an increase

year over year. The Compensation Committee believed that these EBITDA metrics were consistent with prevailing market conditions and reasonable projections for 2024 as the Company envisioned a softer operating market for the 2024 fiscal year, but still heavily increased the entry and target metrics. With respect to the working capital metric, the Compensation Committee approved the working capital metrics at 20%, 18% and 16% for the entry, target and maximum levels, respectively, which were in line with market conditions and expectations as the costs of inventory and warehouse, selling, and administrative charges were expected to increase to align with the overall aim of growing the business in 2024.

		EBITDA (70%)	Working Capital (30%)*
2024	Maximum	8.7%	16%
	Target	7.9%	18%
	Entry	5.5%	20%
	Actual Achievement	7.4%	14.9%
2023	Maximum	9%	14%
	Target	7%	17%
	Entry	4.75%	20%
	Actual Achievement	7.9%	16.7%

*To increase the difficulty level of achieving the working capital metric, percentages are reduced (i.e., lower working capital percentages indicate higher achievement by the Company).

Payouts are determined by metric under the Company’s annual incentive plan using the following formula:



2024 Financial Results

The Company was able to achieve an above entry payout of the EBITDA metric and achieved the maximum Working Capital metric for 2024.

Metric	Achievement	Achievement as a % of Target	Weighted Payout (%)
EBITDA (70%)	7.417%	89.932%	62.953%
Working Capital (30%)	14.9%*	200%	60%
		Bonus Tier Payout Ratio	122.953%

*The Working Capital computation excludes acquisition impact in the quarter of acquisition for the Working Capital as a percentage of revenue quarterly computation.

Thus, based on the Company’s financial results in 2024, bonus payments were made to the Company’s named executive officers, as follows:

NEO	Base Salary	Target Incentive Opportunity	Performance Metric Weighting	Performance Metric Result	Award Amount
David Cherechinsky	\$978,500	110%	70%/30%	122.953%	\$1,323,404
Mark Johnson	\$515,000	80%	70%/30%	122.953%	\$506,566
Raymond Chang	\$471,328	80%	70%/30%	122.953%	\$463,609
Kelly Munson	\$391,400	80%	70%/30%	122.953%	\$384,990
Rocio Surratt	\$283,250	65%	70%/30%	122.953%	\$226,372

Long-Term Incentive Compensation

The primary purpose of the Company's long-term incentive compensation is to focus its executive officers on a longer-term perspective towards the Company's financial successes and their contributions in their managerial responsibilities. This component of an executive officer's compensation directly links the officers' interests with those of the Company's stockholders. In addition, long-term incentives encourage management to focus on the Company's long-term development and prosperity in addition to profitability and optimal cash flow. This helps balance long-term versus short-term business objectives, reinforcing that one should not be achieved at the expense of the other. The Company's long-term incentive compensation program also serves to help the Company attract and retain management talent by having longer vest periods.

The Company grants time-based restricted stock and performance-based share awards to the Company's key executives based on competitive grants within the industry and on the level of long-term incentives appropriate for the employee's total compensation. Such executives are eligible to receive restricted stock and performance share awards annually with other key employees of the management team who were eligible to receive equity grants on a discretionary basis. Performance-based share awards are only granted to executive management team members. Restricted stock and performance share awards are typically granted in February each year, as has been the Company's long-standing practice, and vest after three years, subject to continued service through the vesting date. Eligibility for an award does not ensure receipt of an award. At the first quarterly meeting of any new fiscal year, the Compensation Committee reviews and approves the value and amount of the restricted stock and performance share awards to be awarded to executive officers.

Equity Award Practices

The first quarterly meeting of the Board typically occurs after the Company's release of the financial results for the prior fiscal year through the filing of a Current Report on Form 8-K and accompanying earnings release and earnings call, but before the filing of the Company's Annual Report on Form 10-K for that fiscal year. The Compensation Committee does not take material nonpublic information into account when determining the timing and terms of equity awards and has not timed the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation. The Company does not currently grant new awards of stock options, stock appreciation rights, or similar option-like instruments. Accordingly, the Company has no specific policy or practice on the timing of awards of such options in relation to the disclosure of material nonpublic information by the Company. In the event the Company determines to grant new awards of such options, the Board and the Committee will evaluate the appropriate steps to take in relation to the foregoing.

The long-term equity incentive program is comprised of the following:

- 50% time-based restricted stock
- 50% performance-based share awards

As explained in more detail below, the Company decided to eliminate stock option grants beginning with its 2022 long-term incentive compensation.

Elimination of Stock Options

In 2022, the Compensation Committee eliminated stock option grants from the 2022 DNOW Inc. Long-Term Incentive Plan, resulting in a split of 50% restricted stock and 50% performance share awards. The elimination of stock options does not decrease the projected compensation of the executives of the Company but only modifies the components of the long-term equity incentive program to more directly link to the financial performance of the Company even if the Company's stock price falls below the price on the date of grant.

Approval of 2024 Long-Term Incentive Plan

In 2024, shareholders approved the 2024 LTIP which allows the Company the ability to make additional share grant awards promoting the long-term financial interests of the Company and modernized the terms and provisions of the form award agreement thereunder to reflect current market standards and practice. The purpose of the 2024 LTIP is to promote the long-term financial interests of the Company, including its growth and performance, by encouraging directors, officers and employees of the Company and its affiliates to acquire a meaningful ownership position in the Company. This enhances the ability of the Company to attract and retain directors, officers and key employees with outstanding skills and experience by providing those directors, officers, and key employees with an interest that is aligned with that of the Company's stockholders. The 2024 LTIP permits the granting of any or all of the following types of awards: (1) Options, (2) Stock Appreciation Rights, (3) Restricted Shares, (4) Restricted Stock Units, (5) Other Share Based Awards, and (6) Other Cash-Based Awards. The 2024 LTIP is overseen by the Compensation Committee.

All employees and directors of the Company are eligible to participate in the 2024 LTIP. The selection of those employees and directors is at the sole discretion of the Compensation Committee and the Chief Executive Officer. The Board believes that the future success of the Company is dependent upon the quality and continuity of management and that compensation programs (such as equity awards) are important in attracting and retaining individuals of superior ability and in motivating their efforts on behalf of the Company. The 2024 LTIP expires in May 2034.

Performance-Based Share Awards vs. Time Based Restricted Stock

The Company's long-term incentive compensation program is focused on employees who will have a greater impact on the direction and long-term results of the Company by virtue of their roles and responsibilities. Restricted stock award grants and performance award grants must be reviewed and approved by the Compensation Committee.

The goal of the performance-based share award program for executives is to provide a compensation program that is competitive within the industry while directly linking a significant portion of the executive's compensation to the financial performance of the Company for a three-year period. This at-risk component of compensation focuses executives on achieving strong financial performance for the Company over the long-term. The performance-based share awards received by the executives only have value if the Company's designated financial performance objectives are met and exceeded. Additionally, the employee must remain employed during the three-year period required for the award to vest, thus providing an additional retention tool. Each performance-based share award program has a three-year performance period and therefore three overlapping performance-based share award programs with different metrics are in progress at any given time. Programs in effect during 2024 were 2022-2024, 2023-2025, and 2024-2026.

The goal of time-based restricted stock award grants is to serve as a key retention tool for the Company to retain its executives and key employees. The restricted stock awards will have value to the executive even if the Company's stock price falls below the price on the date of grant, provided that the executive remains employed during the full three-year period required for the award to vest.

The Company believes that its equity incentive grants must be sufficient in size and duration to provide a long-term performance and retention incentive for executives. This also causes an individual to increase their interest in the appreciation of the Company's stock and achievement of positive financial results, both in absolute terms and relative to its peers. The Company believes that restricted stock and performance award grants at a competitive level, with certain vesting requirements, are an effective way of promoting the long-term nature of its business while also serving as a retention tool for its executives.

The Compensation Committee, Company management, and Zayla each believe it is important that a portion of the equity grants include a grant based on the satisfaction of specified performance conditions to determine vesting of that particular grant. After consultation with Company management and Zayla, the Compensation Committee established three separate performance metrics to be used for vesting of the performance share awards for executives. The Compensation Committee believed that the performance measures established serve to motivate the Company's executives to deliver results aligned with the interests of Company stockholders. The performance share awards can be earned by the executives only by achieving performance levels against established goals and vesting three years from the grant date.

The performance share awards are divided into three separate performance metrics:

- 50% with a total shareholder return goal ("TSR"),
- 25% with an EBITDA goal, and
- 25% with a return on capital employed goal, using EBITDA (excluding other costs) as the numerator ("ROCE").

Performance against the TSR goal is determined by comparing the Company's total shareholder return with the TSR of members of the Company's designated peer group for the three-year performance period. As the peer group is reviewed annually by the Compensation Committee, this group is subject to change. The Compensation Committee believes that the members of the Company's designated peer group are an appropriate benchmark against which to compare the Company's TSR performance. Performance against the EBITDA percentage goal is determined by comparing the performance of the Company's actual EBITDA percentage performance average for each of the three years of the performance period against the EBITDA goal set by the Compensation Committee. EBITDA excluding other costs excludes the impact of certain other amounts and is not calculated in accordance with GAAP. This differs from the annual incentive plan metric as it is based on a three-year performance period while the annual incentive plan metric is based on one year of performance. Performance against the return on capital employed goal is determined by comparing the performance of the Company's actual return on capital employed as a percent of return of capital employed average for each of the three years of the performance period against the return on capital employed goal set by the Compensation Committee where the ROCE numerator is EBITDA excluding other costs.

Depending on prevailing and forecasted market conditions from year to year, the EBITDA and ROCE metric levels (entry, target and maximum) may be increased or reduced from one year to the next. Any such reduction in metric levels from year to year does not mean the rigor of these performance measures in the performance-based share awards has been reduced or lessened. Given that market conditions may be projected to be stronger in certain years (and performance is greater in those years) and weaker in other years (and performance is less in those years), as supported by the cyclical nature of some of the industries the Company serves, the Compensation Committee and the Company take those factors into consideration when setting metric levels on an annual basis. This consideration ensures, irrespective of the actual metric

levels for a given year, that the Company’s performance-based share award metrics maintain the same level of rigor each year in order to achieve an incentive payout.

The Compensation Committee implemented this performance award structure to provide for long-term incentives comparable to those awards used by the Company’s peers, such as:

- Making award payouts based on multiple measures/metrics;
- Encouraging long-term oversight of growth and goal accomplishments; and
- Providing an earn-out structure with a threshold and maximum payout with varying levels of performance to incentivize performance.

2024 Performance-Based Share Awards

For the 2024 performance share awards, with respect to the EBITDA performance metric, the Compensation Committee approved the EBITDA performance metrics at 5.5%, 7.9% and 8.7% for the entry, target and maximum levels, respectively. With respect to the return on capital employed metric, the Compensation Committee approved the metrics of 10%, 15% and 17% for the entry, target, and maximum levels, respectively. These metric targets were updated to better reflect prevailing and future expected market and business conditions during the performance period, as well as factoring in past Company results and future budgeted Company results. The setting of the “entry,” “target,” and “maximum” levels follow the same philosophy the Company uses in setting these levels under its annual cash incentive plan.

2024-2026 Levels	Payout %	Percentile Rank vs. Designated Peer Group (TSR)	Actual EBITDA Performance	Actual Return on Capital Employed (ROCE) Performance
Maximum	200%	75 th percentile or greater	8.7% or higher	17% or higher
Target	100%	50 th percentile	7.9%	15%
Entry	50%	25 th percentile	5.5%	10%
No Payout	0%	Less than 25 th percentile	Less than 5.5%	Less than 10%

The above table summarizes the payout levels on the TSR, EBITDA, and ROCE portions of the award based on the associated payout levels for the performance achieved. Results falling between the stated thresholds of entry, target, and maximum result in interpolated or sliding scale payouts.

2024-2026 Annual and Long-Term Incentive Programs

On February 21, 2024, the Compensation Committee approved the grant of restricted stock awards, and performance share awards to its executive officers pursuant to the 2024 LTIP for the 2024-2026 performance period, as follows:

Name	Shares of Restricted Stock (3 Years) (#)	Performance Awards (Target # of Shares)
David Cherechinsky	125,865	125,865
Mark Johnson	34,589	34,589
Raymond Chang	32,667 ⁽¹⁾	28,824
Kelly Munson	21,138	21,138
Rocio Surratt	10,569	10,569

- (1) Additional restricted stock (3,843 shares) was awarded to Mr. Chang in 2024, as part of the special bonus approved by the Compensation Committee in 2023 to be paid to Mr. Chang as a result of his successful management of two litigation matters in 2023 that were not ordinary or routine to the operations of the business where the Company was seeking damages.

The value of such awards made to the Company's executive officers above were at or near the 50th percentile median levels relative to their peers in the designated Company peer group.

The restricted stock awards granted by the Company to its executive officers vest 100% on the third anniversary of the date of grant. The performance share awards can be earned by the executives only by achieving performance levels against established goals set forth above and vesting three years from the grant date.

EBITDA Inclusion in Both Annual Incentive Plan and Performance Share Grants

As a result of our shareholders conveying to the Company that the EBITDA metric is the most important key metric in which they measure the Company's financial performance, it is also used as a portion of the Company's performance-based share awards (it comprises 25% of such performance-based share awards, where such awards comprise 50% of the overall equity value provided to executives). The EBITDA metric in the annual incentive plan is measured over a one-year performance period, while the EBITDA metric in the long-term incentive plan is measured over a three-year performance period, providing some differentiation between the usage of this metric across both plans as market conditions, competition, and other factors may substantially vary over time. The Company does not believe that the duplication of the metric in both plans cause any concerns based on the importance of the metric.

2022-2024 Performance Period

The performance share awards granted in 2022, vesting in 2025, were eligible to be earned based on the Company's performance against the three separate performance metrics with 50% based off of TSR, 25% off of EBITDA, and 25% off of a return on capital employed (ROCE) during the three-year period from January 1, 2022 to December 31, 2024. The performance metrics set at the time of grant in 2022 and the results for each metric and the payout levels, which were certified by the Compensation Committee in February 2025, are as follows:

2022-2024 Levels	Payout %	Percentile Rank vs. Designated Peer Group (TSR) (50%)	Actual EBITDA Performance (25%)	Actual Return on Capital Employed (ROCE) Performance (25%)
Maximum	200%	75 th percentile or greater	6.75% or higher	6% or higher
Target	100%	50 th percentile	4.75%	5%
Entry	50%	25 th percentile	2.75%	4%
No Payout	0%	Less than 25 th percentile	Less than 2.75%	Less than 4%

Metric	Performance Result 2022-2024	Payout %
TSR	38.40% percentile	76.8%
EBITDA	7.85%	200%
ROCE	18.56%	200%

Among the three independent metrics for the performance awards, the TSR metric achieved above entry target resulting in a 76% payout with the EBITDA and ROCE metrics each achieving the maximum levels and resulting in 200% payouts.

Name	Performance Awards Granted in 2022 (Target # of Shares)	Performance Awards Paid Out in 2025 (# of Shares)^(*)
David Cherechinsky	155,925	215,799
Mark Johnson	36,383	50,354
Raymond Chang	36,383	50,354
Kelly Munson	25,988	35,967
Rocio Surratt	12,994	17,982

* Represents the gross number of shares that were paid out before deduction of shares to cover tax withholding obligations.

2025 Annual and Long-Term Incentive Programs

On February 25, 2025, the Compensation Committee approved the terms and structure of the 2025 DNOW Inc. Annual Incentive Plan, based on two component metrics consistent with the EBITDA metric at 70% with the remaining 30% weighting to the Working Capital metric. The Compensation Committee also approved the terms and structure of the 2025 long-term incentive grants for performance awards to the Company's executives. The terms of such grants are consistent with those described under the section titled "Long-Term Incentive Compensation" above.

The specific terms of the 2025 grants, including specific performance metrics and award amounts, will be disclosed in next year's proxy along with any other relevant 2025 executive compensation details.

On February 21, 2024, the Compensation Committee discussed using a 20-day volume weighted average stock price (VWAP) as the value for determining equity grants, in lieu of using the stock price on the date of grant to determine such value. On February 25, 2025, the Compensation Committee agreed that beginning with the Company's next annual equity grant cycle in 2026, the Company would determine award values using a 20-day VWAP calculated immediately prior to the date of grant. The Compensation Committee believes that the use of a weighted average stock pricing methodology may help to alleviate potential stock price fluctuations that could impact the number of shares granted in any given year as well as the annual burn rate under the Company's long-term incentive plan.

Stock Ownership Guidelines for Executives and Directors

The Company adopted stock ownership guidelines for its executive officers and directors in February 2020. The Company's stock ownership guidelines for its executive officers and directors are intended to align the interests of the Company's executive officers and directors with the Company's stockholders by requiring executives to accumulate and retain a meaningful level of the Company's stock.

Under the Company's guidelines, the executive officers must comply within five years of appointment with the following stock ownership requirement levels:

Title	Multiple
CEO	6X of Base Salary
Directors	5X of Annual Retainer
Other executive officers	3X of Base Salary

The following shares of Company stock count towards compliance with the guidelines: shares owned directly or indirectly by the executive or director; shares equal to the in-the-money portion of any vested, unexercised options; unvested shares of time-based restricted stock or restricted stock units; and shares

credited to the executive or director's 401(k) plan account. Unvested and unearned performance shares or units and unvested stock options do not count towards compliance guidelines.

As of the date of this proxy filing, all executive officers and directors are in compliance, or are on track to comply, with the stock ownership guidelines.

Recoupment Policy and Other Considerations

“Clawback” Policies Regarding the Adjustment or Recovery of Compensation

The Company's current plan, the DNOW Inc. Long-Term Incentive Plan adopted in 2024 also identified herein as the 2024 LTIP, allows the Compensation Committee, at its sole discretion, to terminate any award if it determines that the recipient of such award has engaged in material misconduct. For purposes of this provision, material misconduct includes conduct adversely affecting the Company's financial condition, operational results, or conduct which constitutes fraud or theft of Company assets, any of which would require the Company to make a restatement of its reported financial statements. If any material misconduct results in any error in financial information used in the determination of compensation paid to the recipient of any award and the effect of such error is to increase the payment amount pursuant to such award, the Compensation Committee may also require the recipient to reimburse the Company for all or a portion of such increase in compensation provided in connection with such award. In addition, if there is a material restatement of the Company's financial statements that affects the financial information used to determine the compensation paid to the recipient of an award, then the Compensation Committee may take whatever action it deems appropriate to adjust such compensation. In addition to the material misconduct trigger listed, the 2024 LTIP elaborates and expands on clawback rights triggered upon breach of certain conflicts of interest or violation of a non-competition, non-solicitation, non-disparagement or non-disclosure obligation owed to the Company. The 2024 LTIP also expands its whistleblower protection language and allows for an employee or director to make a report of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation. The Company's policy is consistent and in compliance with the requirements of Rule 10D-1 of the Securities Exchange Act of 1934.

In addition, on November 15, 2023, the Board adopted the Incentive Based Compensation Recoupment Policy (the "Clawback Policy") to satisfy the requirements of Exchange Act Rule 10D-1 and NYSE listing standards by providing for the recovery from any executive officer as defined in Rule 16a-1(f) under the Exchange Act of any "erroneously awarded compensation" (as defined in the Clawback Policy) in the event that the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws. A copy of the Clawback Policy is filed as Exhibit 97.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Prohibition on Hedging and Pledging and Trading During Blackout Periods; Insider Trading Policy

The Company has a policy in place prohibiting the Company's employees (including its executives) and directors from engaging in hedging and pledging activities with respect to the Company's shares. The Company prohibits its employees from making any short sales of any of the Company's shares. The Company also restricts its employees from engaging in any transactions that hedge or offset, or are designed to hedge or offset, any decrease in the Company's stock value. The policy also has prohibitions against the Company's employees buying or selling puts, calls or options in respect of the Company's shares. The

Company also restricts employees from holding any shares of the Company in a margin account or pledging any Company stock as collateral.

The Company has adopted insider trading policies and procedures that govern the purchase, sale, and/or other transactions of our securities by our directors, officers and employees. Copies of our insider trading policies are filed as Exhibits 19.1 and 19.2 to our Annual Report on Form 10-K/A filed on February 18, 2025 for the fiscal year ended December 31, 2024. In addition, with respect to the Company's trading in its own securities, it is the Company's policy to comply with applicable federal securities laws and applicable exchange listing requirements. Finally, the Company also restricts certain key employees from making any transactions during quarterly blackout periods. These periods begin the day after a fiscal quarter ends until one full day after the Company's earnings results are released or occur when an employee has material or proprietary information which could affect the Company's stock price which has not been publicly released.

The Company does not currently grant new awards of stock options, stock appreciation rights, or similar option-like instruments. Accordingly, the Company has no specific policy or practice on the timing of awards of such options in relation to the disclosure of material nonpublic information by the Company. In the event the Company determines to grant new awards of such options, the Board and the Committee will evaluate the appropriate steps to take in relation to the foregoing.

Retirement, Health, and Welfare Benefits

The Company offers retirement, health, and welfare programs to all eligible employees. The Company's executive officers generally are eligible for the same benefit programs on the same basis as the rest of the Company's employees. The health and welfare programs cover medical, dental, vision, life, accident, accidental death and dismemberment, and disability insurance as well as pharmacy, HSA, and FSA benefits.

The Company offers retirement programs that are intended to supplement the employee's personal savings. The programs include the DNOW Inc. 401(k) and Retirement Savings Plan ("401(k) Plan") and DNOW Inc. Supplemental Savings Plan ("Supplemental Plan"). The Company's U.S. employees, including its executives, are generally eligible to participate in the 401(k) Plan. Employees of the Company who are eligible based on guidelines established by the Company's benefits plan administrative committee may participate in the Supplemental Plan. Participation in the 401(k) Plan and Supplemental Plan are voluntary.

The Company established the 401(k) Plan to allow employees to save for retirement through a tax-advantaged combination of employee and Company contributions and to provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. The 401(k) Plan allows eligible employees to elect to contribute a portion of their eligible compensation into the 401(k) Plan. Wages and salaries from the Company are generally considered eligible compensation. After one year of service, employee contributions are matched in cash by the Company at the rate of \$1.00 per \$1.00 employee contribution for the first 4% of the employee's salary. Such contributions vest immediately. The 401(k) Plan currently offers 29 different investment options for which the participant has sole discretion in determining how both the employer and employee contributions are invested. The Plan provides well-diversified investment options across asset classes, active versus passive options, and the DNOW company stock fund, which is closed to new investment (but allowed for pending holdings). There are not multiple or repetitive options within a given asset class. The 401(k) Plan offers in-service withdrawals, loans, and hardship distributions.

In addition, the Company established the Supplemental Plan, a non-qualified plan, to:

- allow Supplemental Plan participants to continue saving towards retirement when employees, due to compensation and contribution ceilings established under the Internal Revenue Code, can no longer contribute to the 401(k) Plan; and
- provide Company contributions that cannot be contributed to the 401(k) Plan due to compensation and contribution ceilings established under the Internal Revenue Code.

Compensation which may be deferred into the Supplemental Plan includes wages and salaries from the Company and bonus payments made under a Company incentive plan. Supplemental Plan participants may elect to defer a percentage of their base pay and bonus payments received under a Company incentive plan into the Supplemental Plan. Contributions in the Supplemental Plan vest immediately. The investment options offered in the Supplemental Plan are similar to the investment options offered in the 401(k) Plan.

Compensation Committee Report

The responsibilities of the Compensation Committee, which are set forth in the Compensation Committee Charter adopted by the Board of Directors, include approving and evaluating all compensation of directors and executive officers, including salaries, bonuses, share grants, and any one-time compensation payments. The Compensation Committee also sets and oversees compensation plans, policies, and programs of the Company. A copy of the Compensation Committee Charter is available on the Company's website under the Investor Relations/Corporate Governance section.

We, as the Members of the Compensation Committee, have reviewed and discussed with senior management the Compensation Discussion and Analysis section included in this Proxy Statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's 2025 Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2024.

Members of the Compensation Committee

Sonya Reed, Chair

Richard Alario

Paul Coppinger

Employment Contracts, Termination of Employment, and Change-in-Control Arrangements

Cherechinsky, Johnson, Chang, Munson, and Surratt

The Company entered into employment agreements on May 30, 2014 with Messrs. Cherechinsky and Chang, on February 16, 2018 with Mr. Johnson, on March 6, 2020 with Ms. Munson, and on November 12, 2021 with Ms. Surratt. The Company entered into new employment agreements on June 1, 2020 with Messrs. Cherechinsky and Johnson as a result of their appointments to President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, respectively. Under the employment agreements, the named executive officers are provided a base salary and have a one-year term of employment, which is automatically extended on an annual basis. The agreements also provide for participation in employee incentive plans and employee benefits as generally provided to all employees. If the employment relationship is terminated by the Company for any reason other than:

- voluntary termination;
- termination for cause (as defined in the agreements);
- death;
- long-term disability;

or if the employment relationship is terminated by the employee for Good Reason, the employee is entitled to receive a multiplier of their then current base salary (for Mr. Cherechinsky 3 times his current base salary, for Messrs. Johnson and Chang 2.5 times, and for Mses. Munson and Surratt 1.5 times). The executives are also entitled to an amount equal to the total of the employer matching contributions under the Company's 401(k) Plan and Supplemental Plan as well as continued participation in the Company's welfare and medical benefit plans. Further, any restricted stock held by the executive not already vested will be 100% vested. For reference, performance share awards will vest at the target rate (100%).

Under the agreements, termination for "Good Reason" means:

- a material diminution of any duties inconsistent with the current position or any action by the Company that results in a diminution in position, authority, duties or responsibilities; or
- a failure by the Company to comply with the terms of the agreement.

The agreements also contain restrictions on competitive activities and solicitation of our employees following termination (two years for Mr. Cherechinsky and one year for Messrs. Johnson and Chang and Mses. Munson and Surratt). After any such termination of employment, the executive will also have the option to participate in the Company's welfare and medical benefit plans at employee rates for a period of time and will be entitled to receive outplacement services valued a maximum of 15% of the executive's annual base salary at the time of their termination.

Additionally, the Company's agreements provide for full vesting of any unvested outstanding options, restricted stock, and performance awards in the event of a change of control of the Company and a change in the holder's responsibilities following a change in control of the Company ("double trigger" acceleration).

The Company's employment agreements with its executives do not contain any "gross up" provisions for excise tax that could be imposed under Section 4999 of the Internal Revenue Code as a result of any payment or benefits provided to an executive under their employment agreement.

Potential Payments Upon Termination or Change in Control

The employment agreements require the Company to provide compensation to the named executive officers in the event of a termination of employment or change in control of the Company as explained herein.

The Company's Compensation Committee believes the payment and benefit levels provided upon termination or change of control should correspond to the level of responsibility and risk assumed by the named executive officer. The Compensation Committee recognizes that it is not likely that the Company's named executive officers would be retained by an acquirer in the event of a change of control. As a result, the Compensation Committee believes that a certain amount of cash compensation, along with immediate vesting of all unvested equity compensation, is an appropriate and sufficient incentive for the named executive officers to remain employed with the Company, even if a change of control were imminent. It is believed that these benefit levels would provide the Company's named executive officers with reasonable financial security so that they could continue to make strategic decisions to benefit the future of the Company.

The amount of compensation payable to each named executive officer as of December 31, 2024 in each situation as required under the employment agreements is listed in the tables below.

Executive Benefits and Payments Upon Termination

Name and Principal Position (a)(1)	Base Salary (b) (2)	Continuing medical benefits (c)	Retirement Contribution and Matching (d)	Value of Unvested Restricted Stock (e)(3)	Value of Unvested Performance Awards (f) (4)	Outplacement Services (g) (5)	Total (\$) (h) (6)
David Cherechinsky <i>President & Chief Executive Officer</i>	\$2,935,500	\$41,400	\$138,022	\$5,167,247	\$5,167,247	\$146,775	\$13,596,191
Mark Johnson <i>Senior Vice President & Chief Financial Officer</i>	\$1,287,500	\$0	\$61,173	\$1,273,614	\$1,273,614	\$77,250	\$3,973,151
Raymond Chang <i>VP, General Counsel, & Secretary</i>	\$1,178,320	\$301,053	\$59,485	\$1,248,609	\$1,198,611	\$70,699	\$4,056,777
Kelly Munson <i>Chief Administrative and Information Officer</i>	\$587,100	\$41,400	\$46,491	\$863,305	\$863,305	\$58,710	\$2,460,311
Rocio Surratt <i>VP- Finance and Corporate Controller</i>	\$424,875	\$0	\$27,337	\$431,646	\$431,646	\$42,488	\$1,357,992

- (1) The following table describes the potential payments upon an involuntary not for cause termination or change in control of the Company as of December 31, 2024. This assumes the employment relationship is terminated by the Company for any reason other than voluntary termination, termination for cause, death, or disability, or if the employment relationship is terminated by the executive for "Good Reason" as of December 31, 2024 as defined in their employment agreement.

- (2) The named executive officers have the following base salary multipliers of their then current base salaries: Cherechinsky – 3 times, Johnson – 2.5 times, Chang – 2.5 times, Munson – 1.5 times, Surratt – 1.5 times. For purposes of this analysis, the named executive officers had the following base salaries as of December 31, 2024: Cherechinsky- \$978,500; Johnson - \$515,000; Chang - \$471,328; Munson - \$391,400; Surratt - \$283,250.
- (3) The value of unvested stock options, restricted stock, and performance share awards is based on the share price of \$13.01, the Company’s closing stock price on December 31, 2024. Unvested restricted stock, performance share awards, and unvested stock options for each named executive officer are listed below.
- a. Cherechinsky: Unvested restricted stock includes 155,925 shares from 2022 grant, 115,385 shares from 2023 grant, and 125,865 shares from 2024 grant. Unvested performance share awards include 155,925 shares from 2022 grant, 115,385 from 2023 grant, and 125,865 shares from 2024 grant.
 - b. Johnson: Unvested restricted stock includes 36,383 shares from 2022 grant, 26,923 shares from 2023 grant, and 34,589 shares from 2024 grant. Unvested performance share awards include 36,383 shares from 2022 grant, 26,923 shares from 2023 grant, and 34,589 shares from 2024 grant.
 - c. Chang: Unvested restricted stock includes 36,383 shares from 2022 grant, 26,923 shares from 2023 grant, and 32,667 shares from 2024 grant. Unvested performance share awards include 36,383 shares from 2022 grant, 26,923 shares from 2023 grant, and 28,824 shares from 2024 grant.
 - d. Munson: Unvested restricted stock includes 25,988 shares from 2022 grant, 19,231 shares from 2023 grant, and 21,138 shares from 2024 grant. Unvested performance share awards are 25,988 shares from 2022 grant, 19,231 shares from 2023 grant, and 21,138 shares from 2024 grant.
 - e. Surratt: Unvested restricted stock includes 12,994 shares from 2022 grant, 9,615 shares from 2023 grant, and 10,569 shares from 2024 grant. Unvested performance share awards are 12,994 shares from 2022 grant, 9,615 shares from 2023 grant, and 10,569 shares from 2024 grant.
- (4) For purposes of this analysis, we have assumed that the performance share awards vest at target (100%).
- (5) Executives are also entitled to outplacement services valued at not more than 15% of base salary. For purposes of this analysis, we valued the outplacement services at 15% of base salary.
- (6) In the event of:
- a Company termination of the executive’s employment for cause;
 - the executive’s voluntary termination of his employment with the Company (not for “Good Reason”);
 - or
 - the executive’s employment with the Company is terminated due to his death or disability;
- no extra benefits are payable by the Company to the executive as a result of any such event, other than accrued obligations and benefits owed by the Company to the executive (such as base salary through the date of termination and their outstanding balance in the Company’s 401(k) Plan and Supplemental Plan). In the event termination is not for cause, the executive would also be entitled to receive an amount equal to 50% of their base salary.

STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners

Based on a review of the filings with the SEC set forth and as of the dates noted in the footnotes below, the following table discloses information with respect to the beneficial ownership of the common stock of the Company by owners known to the Company to beneficially own more than five percent of our common stock at December 31, 2024. The percentage of shares of common stock beneficially owned is calculated in accordance with SEC rules based on 107,732,883 shares outstanding as of December 31, 2024.

<u>5% Owners</u>	<u>No. of Shares</u>	<u>Percent of Class</u>
BlackRock, Inc. ⁽¹⁾ 55 East 52 nd Street New York, NY 10055	18,866,924	17.51%
The Vanguard Group ⁽²⁾ 100 Vanguard Blvd. Malvern, PA 19355	12,356,798	11.47%
Dimensional Fund Advisors LP ⁽³⁾ 6300 Bee Cave Road, Building One Austin, TX 78746	6,095,429	5.66%

(1) Based on the most recent Amendment 5 to Schedule 13G filed on February 5, 2025 by BlackRock Inc., holdings as of December 31, 2024 were disclosed as follows: Sole Voting Power Shares: 18,317,902; Shared Voting Power Shares: 0; Sole Dispositive Power Shares: 18,866,924; Shared Dispositive Power Shares: 0.

(2) Based on the most recent Amendment 10 to Schedule 13G filed on February 13, 2024 by The Vanguard Group, holdings as of December 29, 2023 were disclosed as follows: Sole Voting Power Shares: 0; Shared Voting Power Shares: 70,327; Sole Dispositive Power Shares: 12,183,837; Shared Dispositive Power Shares: 172,961.

(3) Based on the most recent Amendment 1 to Schedule 13G filed on February 9, 2024 by Dimensional Fund Advisors LP, holdings as of December 31, 2023 were disclosed as follows: Sole Voting Power Shares: 5,986,198; Shared Voting Power Shares: 0; Sole Dispositive Power Shares: 6,095,429; Shared Dispositive Power Shares: 0.

Security Ownership of Management

This table shows the number and percentage of shares of the Company's common stock beneficially owned as of March 24, 2025 by each of our current directors and executive officers and by all current directors and executive officers as a group. The number and percentage of shares of common stock beneficially owned is based on 108,823,368 shares outstanding as of March 24, 2025. Beneficial ownership includes any shares as to which the individual has the right to acquire within 60 days of March 24, 2025 through the exercise of any stock option, warrant, other right, or upon vesting. Each stockholder has sole voting and investment power, or shares these powers with his/her spouse, with respect to the shares beneficially owned.

Name of Individual	Shares Beneficially Owned		
	Number of Common Shares ⁽¹⁾	Outstanding Options Exercisable Within 60 Days	Percent of Class*
Richard Alario.....	262,422	0	*
Terry Bonno.....	102,716	0	*
Raymond Chang.....	319,944	97,016	*
David Cherechinsky.....	958,238	283,735	1.1%
Galen Cobb.....	100,316	0	*
Paul Coppinger.....	56,568	0	*
Karen David-Green.....	21,678	0	*
Rodney Eads.....	105,580	0	*
Mark Johnson.....	228,075	82,638	*
Kelly Munson.....	143,081	52,549	*
Sonya Reed.....	48,082	0	*
Rocio Surratt.....	59,572	12,545	*
All current directors and executive officers as a group (12 persons).....	2,406,272	528,483	2.7%

*Less than 1 percent

⁽¹⁾Includes shares deemed held by executive officers and directors in the Company's 401(k) plans and deferred compensation plans.

EXECUTIVE COMPENSATION

The following table sets forth the compensation paid by the Company to its named executive officers (the “Named Executive Officers”).

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
David Cherechinsky <i>President & Chief Executive Officer</i>	2024	\$977,952	-	\$3,765,881	\$1,323,404	-	\$13,800	\$6,081,037
	2023	\$947,116	-	\$3,331,165	\$1,289,099	-	\$13,038	\$5,580,418
	2022	\$797,116	-	\$3,232,886	\$1,421,822	-	\$11,077	\$5,462,901
Mark Johnson <i>Senior Vice President & Chief Financial Officer</i>	2024	\$514,712	-	\$1,034,903	\$506,566	-	\$13,800	\$2,069,981
	2023	\$499,038	-	\$777,267	\$542,779	-	\$13,200	\$1,832,284
	2022	\$448,750	-	\$754,352	\$639,820	-	\$12,200	\$1,855,122
Raymond Chang <i>VP, General Counsel, & Secretary</i>	2024	\$471,064	-	\$912,412	\$463,609	-	\$13,800	\$1,860,885
	2023	\$457,262	\$50,000	\$777,267	\$496,751	-	\$13,200	\$1,794,480
	2022	\$439,462	-	\$754,352	\$625,602	-	\$12,200	\$1,831,616
Kelly Munson <i>Chief Administrative and Information Officer</i>	2024	\$391,181	-	\$632,449	\$384,990	-	\$15,647	\$1,424,267
	2023	\$378,750	-	\$555,199	\$412,512	-	\$15,150	\$1,361,611
	2022	\$313,269	-	\$538,827	\$447,874	-	\$10,904	\$1,310,874
Rocio Surratt <i>VP – Finance and Corporate Controller</i>	2024	\$283,092	-	\$316,224	\$226,372	-	\$11,324	\$837,012
	2023	\$274,038	-	\$277,585	\$242,554	-	\$10,962	\$805,139
	2022	\$223,750	-	\$269,423	\$259,927	-	\$8,654	\$761,754

- (1) The Compensation Committee approved the payment of a cash bonus to be paid to Mr. Chang as a result of his successful management of two litigation matters in 2023 that were not ordinary or routine to the operations of the business where the Company was seeking damages.
- (2) The amounts reported in this column represent the aggregate grant date fair value of stock awards granted in the relevant year computed in accordance with FASB Topic 718, excluding forfeiture estimates. Refer to the Company’s 2024 Annual

Report on Form 10-K, for all relevant valuation assumptions used to determine the grant date fair value of the stock awards included in this column. On February 21, 2024, the named executive officers were granted performance-based share awards, which are included in this column in the table above. The grants vest on the third anniversary of the date of grant, contingent on performance against three separate, independently established goals. For a more detailed discussion, see the section titled “Long-Term Incentive Compensation”. For the performance-based share awards, the value as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures, based upon the probable outcome of such conditions were as follows: Mr. Cherechinsky - \$2,128,377; Mr. Chang - \$487,414; Mr. Johnson - \$584,900; Ms. Munson - \$357,444; and Ms. Surratt - \$178,722. For the performance-based share awards, the value as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures, assuming that the highest level of performance conditions will be achieved were as follows: Mr. Cherechinsky - \$3,275,007; Mr. Chang - \$849,995; Mr. Johnson - \$900,006; Ms. Munson - \$550,011; and Ms. Surratt - \$275,005. The amounts reported in this column represent the aggregate grant date fair value of option awards granted in the relevant year compiled in accordance with FASB ASC Topic 718, excluding forfeiture estimates. Refer to the Company’s 2024 Annual Report on Form 10-K, for all relevant valuation assumptions used to determine the grant date fair value of option awards included in this column.

- (3) For further information, see the section titled “2024 DNOW Inc. Annual Incentive Plan.”
- (4) The amounts include cash contributions under the Company’s 401(k) Plan and under the Supplemental Plan, both defined contribution plans at the rate of \$1.00 per \$1.00 employee contribution for the first 4% of the employee’s salary. No perquisites (such as security or a car allowance) totaling \$10,000 or more were provided to any named executive officer in 2024.

Grants of Plan Based Awards

The following table provides information concerning stock options, restricted stock, and performance share awards granted to Named Executive Officers during the fiscal year ended December 31, 2024.

2024 Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3) (i)	Grant Date Fair Value of Stock Awards (4) (j)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)		
David Cherechinsky	2/21/2024	\$538,175	\$1,076,350	\$2,152,700	62,933	125,865	251,730	125,865	\$3,765,881
Mark Johnson	2/21/2024	\$206,000	\$412,000	\$824,000	17,295	34,589	69,178	34,589	\$1,034,903
Raymond Chang	2/21/2024	\$188,531	\$377,062	\$754,124	14,412	28,824	57,648	32,667	\$912,412
Kelly Munson	2/21/2024	\$156,560	\$313,120	\$626,240	10,569	21,138	42,276	21,138	\$632,449
Rocio Surratt	2/21/2024	\$92,057	\$184,113	\$368,226	5,285	10,569	21,138	10,569	\$316,224

- (1) Represents the range of possible payouts under our 2024 annual incentive compensation plan approved February 21, 2024 by the Compensation Committee. For a more detailed discussion, see the section titled “2024 DNOW Inc. Annual Incentive Plan.”
- (2) Represents the range of possible payouts under our 2024-2026 performance-based share awards approved February 21, 2024 by the Compensation Committee. For a more detailed discussion, see the section titled “2024-2026 Annual and Long Term Incentive Compensation.”
- (3) Represents the amount of restricted stock awards approved February 21, 2024 by the Compensation Committee. For a more detailed discussion, see the section titled “2024-2026 Annual and Long Term Incentive Compensation.”
- (4) Assumptions made in calculating the value of option and restricted stock awards are further discussed in DNOW Inc. – Notes to Consolidated Financial Statements, Note 19, of the Company’s Form 10-K for the fiscal year ended December 31, 2024 and published on February 18, 2025.

Exercises and Holdings of Previously Awarded Equity Disclosure

The following table provides information regarding outstanding awards that have been granted to Named Executive Officers where the ultimate outcomes of such awards have not been realized, as of December 31, 2024.

Outstanding Equity Awards at December 31, 2024

Option Awards						Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (1)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
David Cherechinsky	27,593			\$15.30	2/19/26				
	57,929			\$9.53	2/21/27				
	198,213			\$10.26	2/23/28				
								155,925 (2)	\$2,028,584
								155,925 (3)	\$2,028,584
								115,385 (4)	\$1,501,159
								115,385 (5)	\$1,501,159
Raymond Chang	20,778			\$15.30	2/19/26				
	43,621			\$9.53	2/21/27				
	32,617			\$10.26	2/23/28				
								36,383 (2)	\$473,343
								36,383 (3)	\$473,343
								26,923 (4)	\$350,268
								26,923 (5)	\$350,268
Mark Johnson	10,472			\$15.30	2/19/26				
	21,985			\$9.53	2/21/27				
	50,181			\$10.26	2/23/28				
								36,383 (2)	\$473,343
								36,383 (3)	\$473,343
								26,923 (4)	\$350,268
								26,923 (5)	\$350,268
							34,589 (6)	\$450,003	
							34,589 (7)	\$450,003	

Option Awards						Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(8)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (1)(8)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kelly Munson	10,000			\$9.90	2/20/25				
	3,965			\$15.30	2/19/26				
	20,985			\$9.53	2/21/27				
	27,599			\$10.26	2/23/28				
								25,988 (2)	\$338,104
								25,988 (3)	\$338,104
								19,231 (4)	\$250,195
								19,231 (5)	\$250,195
								21,138 (6)	\$275,005
Rocio Surratt								21,138 (7)	\$275,005
	12,545			\$10.26	2/23/28				
								12,994 (2)	\$169,052
								12,994 (3)	\$169,052
								9,615 (4)	\$125,091
								9,615 (5)	\$125,091
								10,569 (6)	\$137,503
							10,569 (7)	\$137,503	

- (1) Calculations based upon the closing price of the Company's common stock on December 31, 2024 (\$13.01).
- (2) 2022 Restricted Stock Award – The grant vests 100% on February 22, 2025.
- (3) 2022 Performance Share Award – The performance share awards can be earned by the executives only by achieving performance levels against established goals and vesting three years from the grant date.
- (4) 2023 Restricted Stock Award – The grant vests 100% on February 20, 2026.
- (5) 2023 Performance Share Award – The performance share awards can be earned by the executives only by achieving performance levels against established goals and vesting three years from the grant date.
- (6) 2024 Restricted Stock Award – The grant vests 100% on February 21, 2027.
- (7) 2024 Performance Share Award – The performance share awards can be earned by the executives only by achieving performance levels against established goals and vesting three years from the grant date.
- (8) The number of performance shares reported in column (i) identified in Footnotes (3), (5), and (7) are calculated at a target level as is their associated payout value reported in column (j). As these grants as based on meeting or exceeding certain performance target metrics, payouts upon vest may vary from these calculations.

2024 Option Exercises and Stock Vested

The following table provides information on the amounts received by the named executive officers during 2024 upon the exercise of stock options or vesting of stock awards.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
(a)	(b)	(c)(1)	(d)	(e)(2)
David Cherechinsky	123,881	\$454,643	352,844	\$4,689,297
Raymond Chang	93,284	\$336,755	58,063	\$771,657
Mark Johnson	47,015	\$169,254	89,329	\$1,187,182
Kelly Munson	0	\$0	49,131	\$652,951
Rocio Surratt	0	\$0	22,332	\$296,792

- (1) Calculations based upon the average exercise price of the Company's common stock on May 14, 2024 when the options were exercised (Cherechinsky: \$13.57, Chang: \$13.51, Johnson: \$13.50) and the base price of those options (\$9.90).
- (2) Calculations based upon the vesting price of the Common's stock on February 23, 2024 (\$13.29).

Pension Benefits

The Company does not maintain any defined benefit pension plans.

Post-Employment Compensation

The following table provides information on nonqualified deferred compensation provided under the Supplemental Plan to the Named Executive Officers during the fiscal year ended December 31, 2024. For a more detailed discussion, see the section titled “*Compensation Discussion and Analysis – Retirement, Health and Welfare Benefits.*”

2024 Nonqualified Deferred Compensation

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(2)	Aggregate Earnings in Last FY (\$)(3)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$)
(a)	(b)	(c)	(d)	(e)	(f)
David Cherechinsky	\$0	\$0	\$880	-	\$17,899
Raymond Chang	\$0	\$0	\$10,049	-	\$48,512
Mark Johnson	\$0	\$0	\$10,387	-	\$72,015
Kelly Munson	\$99,928	\$2,347	\$22,427	-	\$169,525
Rocio Surratt	\$0	\$0	\$0	-	\$0

- (1) Executive contributions were from the executive’s salary and are included in the Summary Compensation Table under the “Salary” column.
- (2) Registrant contributions are included in the Summary Compensation Table under the “All Other Compensation” column.
- (3) Aggregate earnings reflect the returns of the investment funds selected by the executives and are not included in the Summary Compensation Table.

CEO Pay Ratio

We are required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K to provide information about the relationship of the median annual total compensation of our worldwide employee population and the annual total compensation of Mr. Cherechinsky, our President and Chief Executive Officer (our “CEO”). The SEC rules for identifying the median employee and calculating the pay ratio allow companies to use a variety of methodologies and apply various assumptions, exclusions, and make reasonable estimates along with factors that impact our Company’s pay ratio such as our global workforce, varied currency exchange rates, etc. The application of various methodologies can result in significant differences in the results reported by SEC reporting companies. As a result, the pay ratio reported by other companies may not be comparable to the pay ratio we report.

For 2024, our last completed fiscal year:

- the median of the estimated annual total compensation of all employees of our company (other than Mr. Cherechinsky), was \$71,721; and
- the annual total compensation of Mr. Cherechinsky was \$6,081,037.

For 2024, our Chief Executive Officer's annualized total compensation was approximately 83.8 times the median annual total compensation of all Company employees.

To identify the median of the estimated annual total compensation of all our employees, as well as to determine the annual total compensation of the "median employee," the methodology and the material assumptions, adjustments, and estimates that we used were as follows:

1. As permitted under the SEC rules, in order to identify our median employee, we used a consistently applied compensation measure of estimated total cash compensation earned from January 1, 2024 to December 31, 2024. We determined our employee population as of December 31, 2024 and annualized total cash compensation for those permanent employees who commenced work during 2024. We did not make any cost-of-living adjustments when identifying our median employee.
2. In calculating the estimated annual total compensation of the median employee and CEO, we identified and included the elements of such compensation in accordance with the requirement of Item 402(c)(2)(x) of Regulation S-K.
3. Due to changes in our employee population and compensation structure, we are not using the same median employee as in prior years. To identify employees subject to the pay ratio rule, we started with a total employee population of 2,423 (1,736 U.S. employees and 687 non-U.S. employees), including full-time, part-time, and seasonal workers of the Company and its consolidated subsidiaries.
4. Next, for all other non-U.S. employees paid in local non-U.S. currency, salaries were denominated in U.S. dollars by applying applicable currency exchange rates in place on December 31, 2024. This currency exchange was necessary for comparison to our CEO pay which is denominated in U.S. dollars. We then identified the median employee based on a tabulation of year-to-date earnings for all included employees on December 31, 2024, the last day of our fiscal year. We used total annual cash compensation as reported in our payroll systems on December 31, 2024, to prepare a listing of the compensation of all employees. Total annual cash compensation included salary (fixed and hourly), overtime pay, bonuses and incentives. From this list, we identified our median employee, based in the US, of the annual total compensation of all employees.

We believe the pay ratio disclosed above is a reasonable estimate calculated in accordance with SEC rules based on our records and the methodology described above.

2024 Pay vs Performance Disclosure

Tabular Pay vs. Performance Disclosures ⁽¹⁾

Year	Summary Compensation Table Total for PEO 1		Summary Compensation Table Total for PEO 2		Average Summary Compensation Table Total for Non-PEO NEOs	Average Compensation Actually Paid for Non-PEO NEOs ⁽²⁾	Value of Fixed \$100 Investment Based On:		Net Income (Loss)	EBITDA Excluding Other Costs ⁽⁴⁾
	Compensation	Actually Paid to PEO 1 ⁽²⁾	Compensation	Actually Paid to PEO 2 ⁽²⁾	Compensation Table Total	Compensation Actually Paid	DNOW Total Shareholder Return ⁽³⁾	PHLX Oil Service Sector Index Total Shareholder Return ⁽³⁾		
2024	\$6,081,037	\$7,015,251	--	--	\$1,548,036	\$1,704,142	\$116	\$102	\$81,000,000	\$176,000,000
2023	\$5,580,418	\$3,130,263	--	--	\$1,448,379	\$1,035,809	\$101	\$115	\$135,000,000	\$184,000,000
2022	\$5,462,901	\$10,850,759	--	--	\$1,439,842	\$2,421,547	\$113	\$113	\$128,000,000	\$175,000,000
2021	\$5,988,481	\$5,474,012	--	--	\$1,329,206	\$1,291,068	\$76	\$70	\$5,000,000	\$45,000,000
2020	\$1,274,988	\$90,220	\$675,231	(\$537,929)	\$519,014	\$133,931	\$64	\$58	(\$427,000,000)	(\$47,000,000)

- Mr. Cherechinsky served as our principal executive officer for the full year for each of 2024, 2023, 2022, and 2021 and for a portion of 2020 ("PEO 1"). Mr. Alario served as our principal executive officer for a portion of 2020 ("PEO 2"). For each of 2024, 2023, 2022, 2021, and 2020, our non-PEO named executive officers included Mr. Johnson, Mr. Chang, Ms. Munson, and Ms. Surratt.
- Equity compensation fair value calculated based on assumptions determined in accordance with FASB ASC Topic 718.
- For each of 2024, 2023, 2022, 2021 and 2020, total shareholder return for the Company and the peer group was calculated as the yearly percentage change in cumulative total shareholder return based on a deemed fixed investment of \$100 at market close on December 31, 2019. The yearly percentage change in cumulative total shareholder return was measured as the quotient of (a) the sum of (i) the cumulative amount of dividends for the period from December 31, 2019 through and including the last day of the covered fiscal year (the "Measurement Period"), assuming dividend reinvestment, plus (ii) the difference between stock price per share at the end and the beginning of the Measurement Period, divided by (b) stock price per share at the beginning of the Measurement Period. For purposes of this pay versus performance disclosure, our peer group consists of the PHLX Oil Service Sector Index. For purposes of calculating the Peer Group total shareholder return, the returns of each component issuer of the group were weighted according to the respective issuers' stock market capitalization at the beginning of the Measurement Period. Because fiscal years are presented in the table in reverse chronological order (from top to bottom), the table should be read from bottom to top for purposes of understanding cumulative returns over time.
- EBITDA excluding other costs (referred to as "EBITDA" within this document) is reconciled in the Company's 2024 Form 10-K to the most comparable GAAP financial measure. This financial measure excludes the impact of certain other amounts and is not calculated in accordance with GAAP.

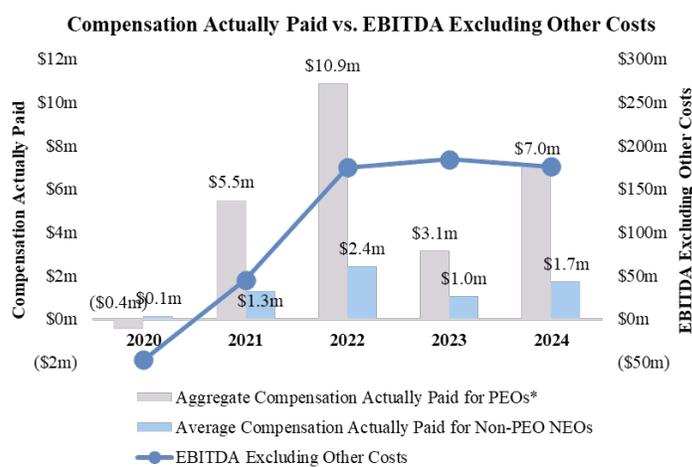
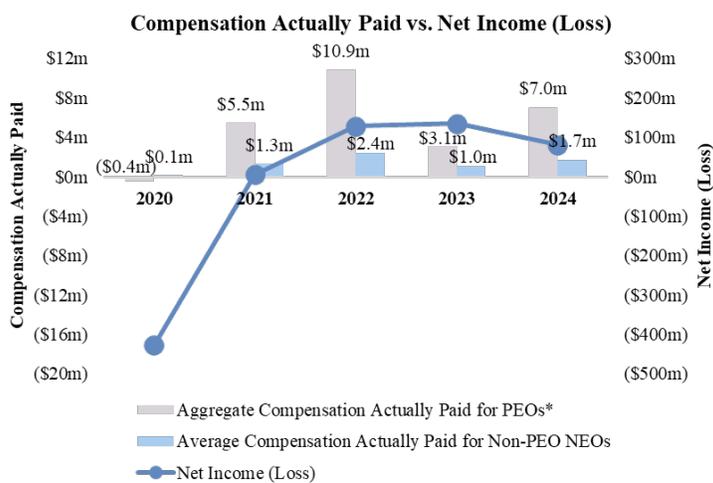
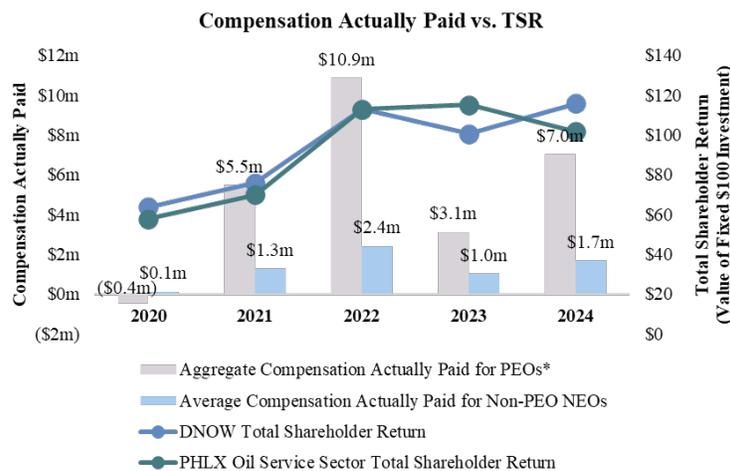
PEOs Compensation Actually Paid Calculation Detail

Compensation Element	Year					
	2020 (PEO 1)	2021 (PEO 1)	2022 (PEO 1)	2023 (PEO 1)	2024 (PEO 1)	2020 (PEO 2)
SCT Reported Total Compensation	\$1,274,988	\$5,988,481	\$5,462,901	\$5,580,418	\$6,081,037	\$675,231
Aggregate SCT Reported Equity Compensation (-)	\$706,204	\$4,305,835	\$3,232,886	\$3,331,165	\$3,765,881	\$0
Year-End Fair Value of Awards Granted During the FY & Outstanding (+)	\$509,175	\$3,548,758	\$5,111,796	\$2,543,085	\$3,650,088	\$0
Year-Over-Year Change in Fair Value of Awards Granted During Prior FY & Outstanding (+)	(\$647,694)	\$53,500	\$3,436,810	(\$1,654,346)	\$628,952	\$0
Vesting Date Fair Value of Awards Granted & Vested During the Covered FY (+)	\$0	\$0	\$0	\$0	\$0	\$0
Year-Over-Year Change in Fair Value of Awards Granted During Prior FY & Vesting During Covered FY (+)	(\$340,044)	\$189,108	\$72,138	(\$7,729)	\$421,055	(\$1,213,160)
Compensation Actually Paid Determination	\$90,220	\$5,474,012	\$10,850,759	\$3,130,263	\$7,015,251	(\$537,929)

Non-PEO NEOs Average Compensation Actually Paid Calculation Detail

Compensation Element	Year				
	2020	2021	2022	2023	2024
SCT Reported Total Compensation	\$519,014	\$1,329,206	\$1,439,842	\$1,448,379	\$1,548,036
Aggregate SCT Reported Equity Compensation (-)	\$263,181	\$667,673	\$579,239	\$596,830	\$723,997
Year-End Fair Value of Awards Granted During the FY & Outstanding (+)	\$189,733	\$550,281	\$915,878	\$455,634	\$702,119
Year-Over-Year Change in Fair Value of Awards Granted During Prior FY & Outstanding (+)	(\$189,765)	\$20,191	\$626,032	(\$267,774)	\$112,690
Vesting Date Fair Value of Awards Granted & Vested During the Covered FY (+)	\$0	\$0	\$0	\$0	\$0
Year-Over-Year Change in Fair Value of Awards Granted During Prior FY & Vesting During Covered FY (+)	(\$121,870)	\$59,063	\$19,034	(\$3,600)	\$65,293
Compensation Actually Paid Determination	\$133,931	\$1,291,068	\$2,421,547	\$1,035,809	\$1,704,142

The following graphical comparisons show the relationships between certain figures included in the Pay Versus Performance table for each of 2024, 2023, 2022, 2021, and 2020, including: comparisons between (i) the compensation actually paid to the PEOs and the average compensation actually paid to our non-PEO NEOs, (ii) each of Total Shareholder Return, Net Income and EBITDA Excluding Other Costs; and (iii) a comparison between our cumulative total shareholder return and the total shareholder return of the PHLX Oil Service Sector Index.



* In all three charts above, 2020 includes the aggregate compensation actually paid for Mr. Cherechinsky (PEO 1) and Mr. Alario (PEO 2). Since Mr. Cherechinsky was the only PEO in Fiscal Years 2021, 2022, 2023, and 2024, those years reflect only his compensation actually paid.

The following lists what we believe represent the most important performance measures used to link compensation actually paid to our PEO and non-PEO NEOs for 2024 to our performance:

See the “*Compensation Discussion & Analysis*” above and published in our prior proxy statements for additional detail on executive compensation actions.

DIRECTOR COMPENSATION

Directors who are employees of the Company do not receive compensation for serving on the Board of Directors. The following table sets forth the compensation paid by the Company to its non-employee members of the Board for the year ended December 31, 2024.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)(1)(2)	(d)	(e)
Richard Alario	\$155,250	\$191,013	-	\$346,263
Terry Bonno	\$115,000	\$125,003	-	\$240,003
Galen Cobb	\$107,500	\$125,003	-	\$232,503
Paul Coppinger	\$117,500	\$125,003	-	\$242,503
Karen David-Green	\$107,500	\$125,003	-	\$232,503
Rodney Eads	\$120,000	\$125,003	-	\$245,003
Sonya Reed	\$103,750	\$125,003	-	\$228,753

- (1) The aggregate number of outstanding shares of restricted stock as of December 31, 2024 for each director are as follows: Mr. Alario – 13,311; Ms. Bonno – 8,711; Mr. Cobb – 8,711; Mr. Coppinger – 8,711; Ms. David-Green – 8,711; Mr. Eads – 8,711; and Ms. Reed – 8,711. Award price is based on the value of the shares on the date of grant and is subject to variance based on share price change.
- (2) Calculations based upon the closing price (\$14.35) of the Company’s common stock on May 22, 2024 when shares were granted.

In 2024, members of the Company’s Board who were not full-time employees of the Company received the following cash compensation below. Mr. Cherechinsky, as a full-time employee of the Company, did not receive any compensation for his service as a director.

Compensation	2024 Payments
Meeting Fees	\$0*
Board Retainer	\$90,000 annually
Chairman Retainer	\$11,000 quarterly
Audit Chair Retainer	\$30,000 annually
Audit Member Retainer	\$17,500 annually
Comp & ESGN Chair Retainer	\$20,000 annually
Comp & NCG Member	\$7,500 annually

* If the number of annual board meetings (not including committee meetings) exceeds more than eight (8) total, a meeting fee of \$2,000 per meeting (for each non-employee director) will take effect. For reference, there were four total board meetings in 2024.

Members of the Board are also eligible to receive stock options and awards, including restricted stock, performance awards, phantom shares, stock payments, or SARs under the 2024 LTIP. The Board approved the grant of 8,711 shares of restricted stock awards on May 22, 2024 to each non-employee director under the 2024 LTIP with the exception of Mr. Alario who as Chairman was awarded 13,311 shares of restricted stock awards (valued annually at approximately \$66,000 more than the common director grant). The restricted stock award shares vest in full on the first anniversary of the date of the grant.

Certain Relationships and Related Transactions

We transact business with thousands of customers and vendors which certain of our directors may be affiliated with. All transactions with these companies are on terms which are market competitive and none of these is material either to us or our counterparts.

A “conflict of interest” occurs when a director or executive officer’s private interest interferes in any way, or appears to interfere, with the interests of the Company. Conflicts of interest can arise when a director or executive officer, or a member of his or her immediate family, has a direct or indirect material interest in a transaction with the Company. Conflicts of interest also arise when a director or executive officer, or a member of his or her immediate family, receives improper personal benefits as a result of their position as a director or executive officer of the Company. The Company’s Code of Business Conduct and Ethics for Members of the Board of Directors and Executive Officers explicitly states that directors and executive officers must avoid conflicts of interests with the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company must be disclosed immediately to the Chair of the Company’s Audit Committee for their review and approval or ratification. This Code also provides that the Company shall not make any personal loans or extensions of credit to nor become contingently liable for any indebtedness of directors or executive officers or a member of his or her family. All directors and officers annually certify to these obligations and provide background information for review to determine if a conflict exists.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The rules of the SEC require that the Company disclose late filings of reports of stock ownership (and changes in stock ownership) by its directors, executive officers, and beneficial owners of more than ten percent of the Company's stock. The Company has undertaken responsibility for preparing and filing the stock ownership forms required under Section 16(a) of the Securities and Exchange Act of 1934, as amended, on behalf of its officers and directors. Based upon a review of forms filed and information provided by the Company's officers and directors, we believe that all Section 16(a) reporting requirements were met during 2024.

STOCKHOLDER PROPOSALS FOR THE 2026 ANNUAL MEETING

If you wish to submit a proposal to be included in our 2026 Proxy Statement, we must receive it on or before December 5, 2025. All proposals must comply with Rule 14a-8 under the Exchange Act, which lists the requirements for the inclusion of stockholder proposals in company sponsored proxy materials. In order for stockholders to give timely notice of nominations for directors for inclusion on a universal proxy card in connection with the 2026 Annual Meeting, written notice must be submitted under the advance notice provisions of our Bylaws no later than January 4, 2026 nor earlier than December 5, 2025. Further, the notice must include information required by our Bylaws and by Rule 14a-19(b)(2) and Rule 14a-19(b)(3) under the Exchange Act. Please address your proposal to: **Raymond Chang, Vice President, General Counsel and Secretary, DNOW Inc., 7402 N. Eldridge Parkway, Houston, TX 77041.**

If you wish to otherwise introduce any item of business for consideration at our 2026 annual meeting, you must comply with the procedures specified in our bylaws and the rules of the SEC, including giving written notice of such item of business no later than January 4, 2026 nor earlier than December 5, 2025 to: **Raymond Chang, Vice President, General Counsel and Secretary, DNOW Inc., 7402 N. Eldridge Parkway, Houston, TX 77041.**

ANNUAL REPORT AND OTHER MATTERS

As of publication, we did not know of any other matters to be acted upon at the meeting other than the election of directors, ratification of the appointment of independent auditors, and approval on an advisory basis of the compensation of our named executive officers, as discussed in this Proxy Statement. If any other matter is presented, proxy holders will vote on the matter in accordance with their discretion.

DNOW Inc.'s 2024 Annual Report on Form 10-K filed on February 18, 2025 is included in with these materials, but is not considered part of the proxy solicitation materials.

By order of the Board of Directors,

Raymond Chang
Vice President, General Counsel and Secretary

Houston, Texas
April 4, 2025

Appendix A

Annual Report to Stockholders

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-36325

DNOW INC.

(Exact name of registrant as specified in its charter)



Delaware

(State of Incorporation)

7402 North Eldridge Parkway, Houston, Texas 77041

(Address of principal executive offices)

46-4191184

(IRS Identification No.)

(281) 823-4700

(Registrant's telephone number, including area code)

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 \$0.01	DNOW	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant as of June 28, 2024 was \$1.5 billion. As of February 7, 2025, there were 105,687,410 shares of the Company's common stock (excluding 2,316,154 unvested restricted shares) outstanding.

Documents Incorporated by Reference

Portions of the Proxy Statement in connection with the 2025 Annual Meeting of Stockholders are incorporated in Part III of this report.

FORM 10-K

Note About Forward-Looking Statements

This report includes estimates, projections, statements relating to our business plans, objectives and expected operating results that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including the following sections: “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These forward-looking statements generally are identified by the words “may,” “believe,” “anticipate,” “expect,” “plan,” “predict,” “estimate,” “will be” or other similar words and phrases. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. We describe risks and uncertainties that could cause actual results and events to differ materially in “Risk Factors” (Part I, Item 1A of this Form 10-K), “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (Part II, Item 7) and “Quantitative and Qualitative Disclosures about Market Risk” (Part II, Item 7A). We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, except to the extent required by applicable law.

PART I

ITEM 1. BUSINESS

Overview

DNOW Inc., (“DNOW” or the “Company”), headquartered in Houston, Texas, was incorporated in Delaware on November 22, 2013. On June 2, 2014, DNOW stock began regular trading on the New York Stock Exchange under the ticker symbol “DNOW”. We are a distributor to the oil and gas, energy transition and industrial markets with a legacy of over 160 years. We operate primarily under the DNOW brand along with several affiliated brands operating in local, regional or international markets that are tied to prior acquisitions. Through a network of approximately 165 locations and approximately 2,575 employees worldwide, our operating locations utilize a complementary suite of technology, systems, order and fulfillment processes and sourcing and procurement channels to provide products and services to a variety of customers operating in the energy and industrial markets. Additionally, through our DigitalNOW® platform, customers can leverage technology across applications to solve a wide array of complex operational and product sourcing challenges to assist in maximizing their return on assets.

Our product and service offerings are consumed throughout the energy industry – from upstream drilling and completion, exploration and production (“E&P”), midstream transmission, gas and crude oil processing infrastructure development to downstream petroleum refining and petrochemicals – as well as in other industries, such as chemical processing, mining, water/wastewater, food and beverage, gas utilities and the evolution of energy transition markets inclusive of greenhouse gas reduction and emissions capture and storage, renewable fuels such as biofuels and renewable natural gas (“RNG”), wind, solar, production of hydrogen as a fuel to power equipment and select industrial markets. The energy and industrial distribution end markets we serve are inclusive of engineering and construction firms that perform capital and maintenance projects for their clients. We also provide supply chain and materials management solutions to the same markets where we sell products.

Our global product offering includes pipe, manual and automated valves, fittings, flanges, gaskets, fasteners, electrical, instrumentation, artificial lift, pumping solutions and modular process, production, measurement, automation, control equipment, and consumable maintenance, repair and operating (“MRO”) supplies. We also offer sourcing, procurement, warehouse and inventory management solutions as part of our supply chain and materials management offering. We have developed expertise in providing application systems, work processes, parts integration, optimization solutions and after-sales support that provide more efficient and productive solutions for our customers.

Our solutions include outsourcing portions or entire functions of our customers’ procurement, warehouse and inventory management, logistics, point of issue technology, project management, business process and performance metrics reporting. These solutions allow us to leverage the infrastructure of our SAP™ Enterprise Resource Planning (“ERP”) system and other technologies to streamline our customers’ purchasing process, from requisition to procurement to payment, by digitally managing workflow, improving approval routing and providing robust reporting functionality.

We support land and offshore operations for the major oil and gas producing regions through our network of locations. Our key markets include the United States (“U.S.”), Canada, the United Kingdom (“UK”), Norway, Australia, the Netherlands, Singapore and the Middle East area with the ability to provide products through an export model to operators with operations in Southeast Asia and West Africa. Products sold through our locations support brownfield and greenfield expansion upstream capital projects, midstream infrastructure and transmission and MRO consumables used in day-to-day production. We provide downstream energy and industrial

products for petroleum refining, chemical processing, liquefied natural gas (“LNG”) terminals, power generation, gas utilities serviced by a combination of customer on-site locations and off-site service locations in combination with our digital offerings.

Our supplier network consists of thousands of vendors in approximately 30 countries. From our operations, we sell to customers operating in approximately 80 countries. The supplies and equipment stocked by each of our locations are customized to meet varied and changing local customer demands. The breadth, scale and availability of our product offering enhances our value proposition to our customers, suppliers and shareholders.

We employ advanced information technologies, including a common ERP platform across most of our business, to provide complete procurement, warehouse and inventory management and logistics coordination to our customers around the globe. Having a common ERP platform allows immediate visibility into our inventory assets, operations and financials worldwide, enhancing decision making and efficiency.

U.S., Canada and International Operations

Demand for our products is driven primarily by the level of oil and gas drilling, completions, servicing, production, transmission, refining and petrochemical activities. It is also influenced by the global supply and demand for energy, the economy in general and geopolitics. Several factors drive spending, such as investment in energy infrastructure, the North American conventional and shale plays, Organization of Petroleum Exporting Countries (“OPEC”) and non-OPEC supply and investments, market expectations of future developments in the oil, natural gas, liquids, refined products, petrochemical, plant maintenance and other industrial, manufacturing and energy sectors.

We primarily have operations in the U.S. and Canada, complemented with a number of strategic international operations, through acquisitions and organic investments, in Australia, England, Kuwait, the Netherlands, Norway, Scotland, Singapore and the United Arab Emirates (“UAE”).

Summary of Reportable Segments

We operate through three reportable segments: United States (“U.S.”), Canada and International. The segment data included in our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) are presented on a basis consistent with our internal management reporting. Segment information appearing in Note 17 “Business Segments” of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) is also presented on this basis.

United States

We have approximately 110 locations in the U.S., which are geographically positioned to best serve the upstream, midstream, downstream and renewable energy and industrial markets.

We offer higher value solutions in key product lines in the U.S. which broaden and deepen our customer relationships and related product line value. Examples of these include pumps, valves and valve actuation, process and production equipment, fluid transfer products, measurement, automation and controls, spoolable and coated steel-pipe and composite pipe, along with many other products required by our customers, which enable them to focus on their core business while we manage varying degrees of their supply chain. We also provide additional value to our customers through the engineering, design, construction, assembly, fabrication and optimization of products and equipment essential to the safe and efficient production, transportation and processing of oil and gas and produced water.

Canada

We have a network of approximately 40 locations in the Canadian oilfield, predominantly in the oil rich provinces of Alberta, Saskatchewan, and Manitoba. Our Canada segment primarily serves energy exploration, production, mining and drilling businesses, offering customers many of the same products and value-added solutions that we perform in the U.S. In Canada, we also provide training for, and supervise the installation of, jointed and spoolable composite pipe. This product line is supported by inventory, as well as product and installation expertise to serve our customers.

International

We serve the needs of our international customers from approximately 15 locations outside the U.S. and Canada, which are strategically located in major oil and gas development areas. Our approach in these markets and the products we offer is similar to our strategy in the U.S. and Canada, with the addition of the distribution of electrical products in the UK, Australia and international export markets. Our long legacy of operating in select international regions provides a competitive advantage as few of our competitors have a presence in most of the global energy producing areas.

In the third quarter of 2024, we began a plan to restructure operations in the International segment to optimize efficiencies and to improve operating margins. For the year ended December 31, 2024, the Company recognized \$9 million in charges, including approximately \$6 million of foreign currency translation losses included in impairment and other charges, approximately \$2 million of inventory write-downs included in cost of products and \$1 million of other exit costs included in warehousing, selling and administrative. We could incur additional non-cash foreign currency translation losses as we complete the International restructuring; however, we do not expect the remaining restructuring related liabilities to be material.

Distribution Industry Overview

The distribution industry is highly fragmented, comprised of large companies with global reach and numerous small, local and regional competitors. Distribution companies act both as supply stores and supply chain management providers for their customers. Distributors deliver value to their customers by serving as a supply chain partner by managing vendor networks and aggregating, carrying and distributing a wide range of product inventory from numerous vendors in locations close to the end-user. As a distributor to the energy and industrial markets, we offer a wide array of products and supply chain services.

We offer our products, services and supply chain solutions across the energy value chain, from onshore and offshore drilling of oil and gas, to the exploration and production of oil and gas, the separation, transfer, and disposal of produced water, to the midstream gathering, processing and transmission of oil, gas, water, natural gas liquids (“NGLs”), LNG, and refined petroleum products, to the downstream refining of oil, and the manufacturing of petrochemicals and specialty chemicals. We provide products and services to the energy evolution and new energy markets driven by the public's desire to reduce greenhouse gas levels and emissions, and to replace higher sources of greenhouse gas emitting forms of energy with lower emitting alternative forms to produce energy. In addition, we provide our products, services and supply chain solutions to non-oil and gas end markets such as mining and minerals, municipal water and wastewater and industrial manufacturing.

We provide drilling products, MRO consumables, safety and original equipment manufacturer (“OEM”) equipment for land drilling rigs, workover rigs and initial offshore drilling rig load outs. Once rigs are contracted, commissioned and deployed, we seek to replace material and inventory consumed during drilling operations. We couple the sale of products with supply chain services in the form of inventory planning, inventory management and warehouse management. We provide a full suite of process and production equipment, pumps and compressor packages, artificial lift, steel, fiberglass and composite pipe, valves and fittings (“PVF”), instrumentation and measurement, and safety and personal protective equipment (“PPE”) in the exploration, production, separation, storage and gathering of oil and gas, as well as the separation, removal, storage and transfer of produced water.

To minimize carbon based effluent emissions, we provide vapor recovery systems to capture and transfer gas and volatile organic compounds during the separation and storage of oil, gas and produced water from operating reservoirs. For produced water, we provide fluid movement products which help our customers dispose of produced water in an environmentally safe manner. For oil streams, we provide products that measure the quality and quantity of oil and gas through the separation process and prior to distribution to the midstream sector. We offer a variety of fluid movement solutions ranging from standard to engineered pump packages and a wide variety of American Society of Mechanical Engineers (“ASME”) fabricated process and production equipment to remove water and contaminants prior to the midstream transfer of oil, NGLs and other refined products within the midstream sector. For gas processing and gas conditioning, we offer a full suite of PVF and ASME coded fabricated process equipment to efficiently and economically process and condition gas for transfer to end markets. Many of the terminals and tank farms used in the midstream space to facilitate the storage and distribution of oil, gas, NGLs, LNG, and other hydrocarbon-based fluids utilize our products. Across many of the process industries where we provide valves, we offer low emission stem packing options to help reduce emissions. We provide PVF, pumps, safety, PPE, supply chain and safety services to the refining, petrochemical, chemical and industrial industries. Our products are consumed from industrial customer’s daily MRO expenditures, customer capital projects in the form of existing plant expansions, new plant facilities, as well as planned and unplanned maintenance of processing units.

Our Distribution Channels

We offer a diverse range of products across the energy and industrial markets in the U.S., Canada and internationally. There are thousands of manufacturers of the products used in the markets in which we operate and customers demand a high level of service, responsiveness and availability across a broad set of products and vendors. These market dynamics make us an essential element in the value chain for our customers. Our product offering is aligned to meet the needs of our customer base.

Energy Centers

Energy centers are brick and mortar supply store operations that are a combination of larger, more regionalized stores known as supercenters with numerous smaller stores located in strategic geographical areas to service customers and maintain customer proximity by providing products to multiple upstream, midstream, downstream, industrial and energy transition customers from a single location. These branches serve repeat account and walk-in retail customers. Products are inventoried in branch locations based on local market needs and are delivered or available for pick-up as needed. These branches serve a geographical radius and provide delivery of products and solutions. A number of locations that service these same customers provide a complementary and expanded set of supply chain services in conjunction with the sale of products.

The distribution channel includes sales and operations professionals trained in the products, applications and customer service required to support customers as they drill, explore, produce, transport and refine oil and gas and other products. The primary product offering includes line pipe, valves, fabrication, valve actuation, fittings and flanges, pumps, OEM equipment, electrical products, mill supplies, tools, safety supplies, PPE, applied products and applications, such as artificial lift systems, coatings and miscellaneous expendable items. We couple the sale of products with supply chain services in the form of inventory planning, inventory management and warehouse management. Supply chain services can be customized to a customer's requirements and guided by a strategic framework to reduce direct material expenditures and supply chain costs, improve maintenance productivity, reduce inventory-related working capital, streamline time to revenue and manage the risk of material availability affecting business continuity.

Process Solutions

Process Solutions has a team of distribution experts, technical professionals and licensed engineers who provide expertise related to pumps, compressors, fluid movement packages, fabricated liquid and gas measurement systems and process and production equipment. Process Solutions distributes OEM equipment including pumps, generator sets, air compressors, dryers, blowers, mixers and valves. Within our process and production equipment category, we produce customer lease automatic custody transfer ("LACT") units, Zero2™ EcoVapor™ and Sulfur Sentinel™ units to reduce greenhouse gas emissions. These LACT units are associated with routine flaring originating from low pressure storage tanks and renewable fuels such as biogas and landfill gas marketed as RNG facilities, gas meter runs, ASME code vessels in the form of separators, heater treaters, gas conditioning systems, towers, reactors, condensate stabilizers, slug catchers and pressurized bullet tanks, pig launchers and receivers and water transfer and disposal units. After-market services include rental mobile pumping units, machining and other repair services from a team of field mechanics located throughout the central U.S.

Process Solutions serves the upstream, midstream and downstream oil and gas markets as well as the municipal water, industrial, mining, power generation and general industries. Process Solutions also provides modular oil and gas wellsite facility solutions, also known as tank battery solutions, that positively impact our operator customers by enabling them to design a modular tank battery that allows flexibility and scalability for current and future production, while expediting revenue generation by reducing the time to complete a tank battery and getting oil and gas into the pipeline earlier. This solution saves our customers time and expense related to well hookup and tank battery commissioning and reduces field incident exposures due to a reduced labor requirement for facility construction. Our EcoVapor™ branded vapor recovery systems provide our customers the ability to reduce their scope 1 emissions by enabling customers to retain and sell residual flash gas commonly found in storage tanks resulting in reduced flaring and a decrease in greenhouse gas emissions.

Customers

Our primary customers are companies active in the upstream, midstream and downstream sectors of the energy industry, including drilling contractors, well servicing companies, independent and national oil and gas companies, midstream operators, refineries, petrochemical, chemical, utilities, RNG facilities and other downstream energy processors. We also serve a diverse range of industrial and manufacturing companies across a broad spectrum of industries and end markets. We partner with our customers to continually meet or exceed their expectations and add value as a supply chain partner in the locations where they operate. Our products provide an essential need to our customers' operations, yet represent only a small fraction of their total project or facility cost. As a result, our customers seek suppliers with established qualifications and an operational history to deliver high quality and reliable products that meet their requirements in a timely manner.

As customers increasingly aggregate purchases to improve efficiency and reduce costs, they partner with large distributors who can meet their needs for products in multiple locations around the world. Customers can procure products through our direct branch model or through our digital e-commerce channels, such as <https://shop.dnow.com>, and our mobile application on smart devices. We believe we could benefit from consolidation among our customers, particularly in the U.S. and Canada where we have a broad footprint, as the resulting companies seek quality-focused global distributors as their source for products and related solutions.

The Company had one customer in the U.S. segment that represented approximately 10% of total revenues.

Competition

The distribution companies serving the energy and industrial end markets are both numerous and competitive. This industry is highly fragmented, comprised of large distributors, each with many locations and with online e-commerce sites, who aggregate and distribute several product lines, and includes numerous smaller regional and local companies, many of which operate from a single location and either aggregate and distribute several product lines or focus on a single product line. While some large distributors compete in both markets, most companies focus on either the energy or industrial end market. Some of our suppliers also sell directly to end-users.

Seasonal Nature of the Company's Business

A portion of our business has experienced seasonal trends, to some degree, which have varied by geographic region. In the U.S., activity has historically been higher during the summer and fall months. In Canada, E&P activities have declined in the spring due to seasonal thaws and regulatory restrictions limiting the ability of drilling rigs and transportation to operate effectively and safely during these periods.

Human Capital Resources

At December 31, 2024, we had approximately 2,575 employees, of which approximately 180 were temporary employees. We offer market-competitive benefits for employees and opportunities for growth and advancement. We place a strong emphasis on employee growth and development and provide opportunities for valued contribution and innovation. Our ethos determines how we act and interact, what we value, what we tolerate, how we treat one another, our customers and communities and the drive to continue to surpass expectations.

Training and Development Programs

The acquired skills, knowledge and capabilities of our people are central to our success. To maintain and acquire talented employees in the marketplace, we invest in employee development programs that incorporate training courses and programs, including a growing online learning platform, which provides our employees an opportunity for professional development.

We recognize that the advancement and empowerment of our workforce drives a better quality of work and life for our employees, ultimately resulting in the delivery of exceptional service to our customers. As such, we have designed a wide range of professional and leadership development programs focused on helping our employees reach their career goals.

Recognizing Employees

Recognition of individual achievements and contributions is an important part of our culture. Our Customer Priority One program encourages customers, peers and leaders to recognize our employees, customers or vendors who exemplify the Company's commitment to customer service to cultivate a culture of inspiring one another to be their best. We award Milestone Service Awards to employees for their years of service and dedication of time to our Company, which recognize employees at each five-year service anniversary.

Workforce Diversity and Inclusion

We believe that a diverse and inclusive workplace is a key driver of innovation, creativity and overall success. We are committed to advancing an inclusive environment where diversity is appreciated and encouraged and all employees have a sense of belonging throughout our organization. We recognize the opportunity to drive diversity in our workforce through talent acquisition and retention because we know that one of our greatest strengths is the diverse perspectives of our team members. We appreciate that having a team with a broad range of experience, cultural characteristics and varying perspectives fortifies our brand. Our efforts are rooted in the belief that every individual, regardless of their background, should have the opportunity to thrive and contribute to our shared goals. We recognize that embracing diversity means respecting and valuing the unique perspectives, experiences, and talents that each team member brings to our organization. We believe in advocating for diversity within our workforce by employing women and men of varying cultures, nationalities and backgrounds to work together to achieve a common goal.

To find the best employees, we must have a diverse pipeline of talent. We commit to advancing an inclusive environment where diversity is encouraged. We create a culture where all employees can strive to be their best, to achieve company goals and to deliver superior service to our customers. As of December 31, 2024, our U.S. workforce was comprised of approximately 25% female and approximately 33% racial minorities.

We recognize that we are an integral part of the communities in which we operate. By directly engaging people in the communities we serve, we create a transparent dialogue to try to listen and learn from alternative views in how we conduct our business.

Workforce Health and Safety

Safety is at the center of our actions. We act with high priority on health and safety in our workplace and in the communities where we operate. Our safety culture is driven by our health, safety and environment (“HSE”) training catalog and through our HSE management system beginning with our HSE Policy Statement, which sets the tone for our company’s commitment to safety. A one-page, top-level document, expressly approved by our senior management team, the HSE Policy Statement outlines our expectations for all employees, vendors, customers, contractors, subcontractors and third parties. This HSE Policy Statement, combined with our HSE guiding principles, corporate policies and procedures and our business level HSE policies and procedures, makes up our management system, which is overseen both with corporate supervision and field level management to ensure emphasis is consistent on proper and safe behaviors.

Sustainability

We can assist in reducing emissions of greenhouse gases in our operations by creating a more efficient supply chain. An efficient supply chain can help reduce the carbon footprint of deliveries to our supercenters and branches and ultimately to our customers. Use of our regional supercenters allow us to aggregate products across multiple suppliers and customers, which, in turn, prevents each customer from separately creating duplicative supply chains that require fuel for deliveries and resources to manage. Many of the products we distribute are used by our customers to aid their efforts to reduce their greenhouse gas emissions. We continually seek opportunities to expand our portfolio of products we offer to customers to aid in reducing their scope 1 emissions. We offer our customers a variety of scope 1 emission reducing products like sealless pumps and industrial air compressors that are used to replace methane gas pneumatic systems with compressed air pneumatic systems. In addition, we offer an expanding suite of emissions reduction technology through our EcoVapor branded product line that reduces the venting and flaring of greenhouse gas, targeting the oil and gas and the growing RNG markets.

As a distributor, we perform minimal manufacturing operations. We do not utilize large amounts of water. Our energy inputs are primarily electricity for lighting, heating and office and warehouse equipment, natural gas for heating and gasoline for company sales and delivery vehicles. We strive to make our operations more efficient, and in turn try to work to reduce use of these resources and resulting emissions. We have recycling programs to try and reduce waste from used cardboard, office paper and other recyclables. However, recycling programs are sometimes limited by the unavailability of users, haulers or purchasers for recyclable materials at reasonable costs.

We are a distributor of products that contain and control the movement of gases and fluids in an efficient and sustainable manner. The products we sell are designed by the manufacturers of those products to prevent and minimize accidental leaks of hydrocarbons. Additionally, we offer product lines that further aid in the mitigation of environmental impact. Examples of such products include: domestically produced goods; low emission rated valves; steel piping products produced from recycled scrap; glass reinforced epoxy piping systems; vapor recovery units that capture volatile organic compounds in an effort to limit and reduce emissions to the atmosphere; produced water transfer and water injection packages that dispose of produced water in an environmentally safe manner; and pipe produced using wind power, recycled water and wood pellet inputs. Additional examples of products we offer our customers to help reduce their scope 1 emissions may be found in our annual sustainability report.

Environmental Matters

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws, regulations and permitting requirements, including those governing the discharge of pollutants or hazardous substances into the air, soil or water, the generation, handling, use, management, storage and disposal of, or exposure to, hazardous substances and wastes, the responsibility to investigate, remediate, monitor and clean up contamination and occupational health and safety. Fines and penalties may be imposed for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and conditions of required permits. Historically, the costs to comply with environmental and health and safety requirements have not been material to our financial position, results of operations or cash flows. We are not aware of any pending environmental compliance or remediation matters that, in the opinion of management, are reasonably likely to have a material effect on our business, financial position or results of operations or cash flows.

Available Information

Our website address is www.dnow.com. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC and is expressly not incorporated by reference into this document. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website, free of charge, as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. Alternatively, you may access these reports at the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks in addition to all other information contained or incorporated herein. These risks relate principally to our business and the industry in which we operate or to the securities markets generally and ownership of our common stock. Our business, prospects, financial condition, results of operations or cash flows could be materially and adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline. This information should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 7A, Quantitative and Qualitative Disclosures about Market Risk and the consolidated financial statements and related notes included in this Form 10-K.

Risks Relating to Our Business

Decreased capital and other expenditures in the energy industry, which can result from decreased oil and natural gas prices, among other things, can adversely impact our customers' demand for our products and our revenue.

A large portion of our revenue depends upon the level of capital and operating expenditures in the oil and natural gas industry, including capital and other expenditures in connection with exploration, drilling, production, gathering, transportation, refining and processing operations. Demand for the products we distribute is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital and other expenditures by, oil and natural gas companies. In addition, after a well is drilled, there can be a lag between when the well is drilled and when it is completed, which causes a delay in the demand for some of our products. Oil and natural gas prices have been extremely volatile since 2014. Continued volatility and weakness in oil or natural gas prices could depress levels of exploration, development and production activity and, therefore, could lead to a decrease in our customers' capital and other expenditures.

The willingness of oil and gas operators to make capital and operating expenditures to explore for and produce oil and natural gas and the willingness of oilfield service companies to invest in capital and operating equipment will continue to be influenced by numerous factors over which we have no control, including:

- the ability of the members of the OPEC and certain non-OPEC countries, to maintain price stability through voluntary production limits, the level of production by other non-OPEC countries, such as the United States, and worldwide demand for oil and gas;
- the level of production from known reserves;
- the cost of exploring for and producing oil and gas;
- limits on access to capital and investor demands for capital discipline;
- the level of drilling activity and drilling rig day rates;
- worldwide economic activity;
- national government political requirements;
- changes in governmental regulations;
- the impact of public health crises, such as new virus strains that result in the return of lockdowns or other government restrictions, on worldwide demand for oil and gas;
- the development of alternate energy sources; and
- environmental regulations.

If there is a significant reduction in demand for drilling services, in cash flows of drilling contractors, well servicing companies or production companies, or in drilling or well servicing rig utilization rates, then demand for our products will decline.

Volatile oil and gas prices affect demand for our products.

Demand for our products is largely determined by current and anticipated oil and natural gas prices, and the related spending and level of activity by our customers, including spending on production and the level of drilling activities. Volatility or weakness in oil or natural gas prices (or the perception that oil or natural gas prices will decrease) affects the spending pattern of our customers, and may result in the drilling of fewer new wells or lower production spending on existing wells. This, in turn, could result in lower demand for our products. Any sustained decrease in capital expenditures in the oil and natural gas industry could have a material adverse effect on us.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of other factors that are beyond our control. Any such reduction in operating budgets, reduction in activity and/or pricing pressures, would adversely affect our revenue and operating performance.

Many factors affect the supply of and demand for energy and, therefore, influence oil and natural gas prices, including:

- the level of domestic and worldwide oil and natural gas production and inventories;
- the level of drilling activity and the availability of attractive oil and natural gas field prospects, which governmental actions may affect, such as regulatory actions or legislation, or other restrictions on drilling, including those related to environmental concerns (e.g., a temporary moratorium on deepwater drilling in the Gulf of Mexico following a rig accident or oil spill);
- the discovery rate of new oil and natural gas reserves and the expected cost of developing new reserves;
- the actual cost of finding and producing oil and natural gas;
- depletion rates;
- domestic and worldwide refinery over capacity or under capacity and utilization rates;
- the availability of transportation infrastructure and refining capacity;
- increases in the cost of products that the oil and gas industry uses, such as those that we provide, which may result from increases in the cost of raw materials such as steel;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the economic or political attractiveness of alternative fuels, such as coal, hydrocarbon, battery power, wind, solar energy and biomass-based fuels;
- increases in oil and natural gas prices or historically high oil and natural gas prices, which could lower demand for oil and natural gas products;
- worldwide economic activity including growth in non-Organization for Economic Co-operation and Development countries, including China and India;
- increased interest rates and the cost of capital;
- national government policies, including government policies that could nationalize or expropriate oil and natural gas, E&P, refining or transportation assets;
- the ability of OPEC and non-OPEC countries to set and maintain production levels and prices for oil;
- the level of production by non-OPEC countries;
- the impact of armed hostilities, or the threat or perception of armed hostilities;
- public health crises, such as the emergence of any new virus strains that result in the return of lockdowns or other government restrictions;
- environmental regulation;
- import duties and tariffs;
- technological advances;
- global weather conditions and natural disasters;
- currency fluctuations; and
- tax policies.

Oil and natural gas prices have been and are expected to remain volatile. U.S. rig count decreased from 621 rigs on January 5, 2024 to 589 rigs on December 27, 2024. U.S. rig count averaged 599 rigs in 2024. U.S. rig count at January 24, 2025 was 576 rigs. The price for West Texas Intermediate crude was \$73.79 per barrel at January 2, 2025, \$70.62 per barrel on January 2, 2024 and \$76.87 per barrel on January 3, 2023. Even though the prices as of the beginning of January for the last three years have been relatively stable, prices have historically been very volatile, and this historical volatility has caused oil and natural gas companies to change their strategies and expenditure levels from year to year. We have experienced in the past, and we will likely experience in the future, significant fluctuations in operating results based on these changes.

General economic and geopolitical conditions may adversely affect our business.

U.S. and global general economic conditions affect many aspects of our business, including demand for the products we distribute and the pricing and availability of supplies. General economic conditions and predictions regarding future economic conditions also affect our forecasts. A decrease in demand for the products we distribute or other adverse effects resulting from an economic downturn may cause us to fail to achieve our anticipated financial results. General economic factors beyond our control that affect our business and customers include public health crises, interest rates, recession, inflation, deflation, customer credit availability, consumer credit availability, consumer debt levels, performance of housing markets, energy costs, tariffs, tax rates and policy, unemployment rates, commencement or escalation of war or hostilities, the threat or possibility of war, terrorism or other global or national unrest, political or financial instability, and other matters that influence our customers' spending. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency or increase in magnitude. In addition, worldwide economic conditions could have an adverse effect on our business, prospects, operating results, financial condition and cash flows.

Our business may be materially adversely affected by any negative impact on the global economy and capital markets resulting from military conflicts or other geopolitical tensions. The extent and duration of military conflicts, sanctions, trade controls and resulting market disruptions are impossible to predict, but could be substantial.

If our product costs became subject to significant future inflationary pressures, then we may not be able to fully offset these higher costs through price increases.

Inflationary pressures and supply chain disruptions could result in further increases to our operating and capital costs that are not fixed. Additionally, these economic variables could lead to a renegotiation of contracts and/or supply agreements, among others. These economic variables are beyond our control and may adversely impact our business, financial condition, results of operations and future cash flows.

We may be unable to compete successfully with other companies in our industry.

We sell products in very competitive markets. In some cases, we compete with large companies with substantial resources. In other cases, we compete with smaller regional companies that may increasingly be willing to provide similar products at lower prices. Certain of these competitors may have greater financial, technical and marketing resources than us, and may be in a better competitive position. The following competitive actions can each adversely affect our revenues and earnings:

- price changes;
- vendors with better terms;
- consolidation in the industry;
- investments in technology and fulfillment; and
- improvements in availability and delivery.

We could experience a material adverse effect to the extent that our competitors are successful in reducing our customers' purchases of products from us. Competition could also cause us to lower our prices, which could reduce our margins and profitability. Furthermore, consolidation in our industry could heighten the impacts of the competition on our business and results of operations discussed above, particularly if consolidation results in competitors with stronger financial and strategic resources, and could also result in increases to the prices we are required to pay for acquisitions we may make in the future. In addition, certain foreign jurisdictions and government-owned petroleum companies located in some of the countries in which we operate have adopted policies or regulations which may give local nationals in these countries competitive advantages. Competition in our industry could lead to lower revenues and earnings.

Demand for our sales of the products we distribute could decrease if the manufacturers of those products were to instead sell a substantial amount of goods directly to our customers in the sectors we serve.

Historically, users of pipes, valves and fittings and related products have purchased certain amounts of these products through distributors and not directly from manufacturers. If customers were to purchase the products that we sell directly from manufacturers, or if manufacturers sought to increase their efforts to sell directly to end-users, we could experience a significant decrease in profitability. These or other developments that remove us from, or limit our role in, the distribution chain, may harm our competitive position in the marketplace and reduce our sales and earnings and adversely affect our business.

We may need additional capital in the future, and it may not be available on acceptable terms, or at all.

We may require more capital in the future to:

- fund our operations (including, but not limited to, working capital requirements such as inventory);
- finance investments in equipment and infrastructure needed to maintain and expand our distribution capabilities;
- enhance and expand the range of products we offer; and
- respond to potential strategic opportunities, such as investments, acquisitions and international expansion.

We can give no assurance that additional financing will be available on terms favorable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could reduce our competitiveness.

We do not have long-term contracts or agreements with many of our customers. The contracts and agreements that we do have generally do not commit our customers to any minimum purchase volume. The loss of a significant customer may have a material adverse effect on us.

Given the nature of our business, and consistent with industry practice, we do not have long-term contracts with many of our customers. In addition, our contracts generally do not commit our customers to any minimum purchase volume. Therefore, a significant number of our customers may terminate their relationships with us or reduce their purchasing volume at any time. Furthermore, the long-term customer contracts that we do have are generally terminable without cause on short notice. The products that we may sell to any particular customer depend in large part on the size of that customer's capital expenditure budget in a particular year and on the results of competitive bids for major projects. Consequently, a customer that accounts for a significant portion of our sales in one fiscal year may represent an immaterial portion of our sales in subsequent fiscal years. The loss of a significant customer, or a substantial decrease in a significant customer's orders, may have an adverse effect on our sales and revenue.

In addition, we are subject to customer audit clauses in many of our multi-year contracts. If we are not able to provide the proper documentation or support for invoices per the contract terms, we may be subject to negotiated settlements with our major customers.

Changes in our customer and product mix could cause our product margin to fluctuate or affect our competitive position.

From time to time, we may experience changes in our customer mix or in our product mix. Changes in our customer mix may result from business acquisitions, geographic expansion, daily selling activities within current geographic markets and targeted selling activities to new customer segments. Changes in our product mix may result from business acquisitions, marketing activities to existing customers and needs communicated to us from existing and prospective customers. If customers begin to require more lower-margin products from us, our business, results of operations and financial condition may suffer.

Customer credit risks could result in losses.

The concentration of our customers in the energy industry may impact our overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Further, laws in some jurisdictions in which we operate could make collection difficult or time consuming. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for expected credit losses, we cannot assure these reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our expectations.

We may be unable to successfully execute or effectively integrate acquisitions.

One of our key operating strategies is to selectively pursue acquisitions, including large scale acquisitions, to continue to grow and increase profitability. However, acquisitions, particularly of a significant scale, involve numerous risks and uncertainties, including intense competition for suitable acquisition targets, the potential unavailability of financial resources necessary to consummate acquisitions in the future, increased leverage due to additional debt financing that may be required to complete an acquisition, dilution of our stockholders' net current book value per share if we issue additional equity securities to finance an acquisition, difficulties in identifying suitable acquisition targets or in completing any transactions identified on sufficiently favorable terms, assumption of undisclosed or unknown liabilities and the need to obtain regulatory or other governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs and risks associated with entry into new markets.

Even when acquisitions are completed, integration of acquired entities can involve significant difficulties, such as:

- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;
- complications and issues resulting from the integration/conversion of ERP systems;
- strain on the operational and managerial controls and procedures of our business, and the need to modify systems or to add management resources;
- difficulties in the integration and retention of customers or personnel and the integration and effective deployment of operations or technologies;
- amortization of acquired assets, which would reduce future reported earnings;
- possible adverse short-term effects on our cash flows or operating results;
- diversion of management's attention from the ongoing operations of our business;
- integrating personnel with different organizational cultures;
- coordinating sales and marketing functions;
- failure to obtain and retain key personnel of an acquired business; and
- assumption of known or unknown material liabilities or regulatory non-compliance issues.

Failure to manage these acquisition risks could have an adverse effect on us.

We are a holding company and depend upon our subsidiaries for our cash flow.

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations or to make other distributions in the future will depend upon the cash flow of our subsidiaries and our subsidiaries' payment of funds to us in the form of dividends, tax sharing payments or otherwise.

The ability of our subsidiaries to make any payments to us will depend on their earnings, the terms of their current and future indebtedness, tax considerations and legal and contractual restrictions on the ability to make distributions.

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary's creditors, including trade creditors and holders of debt that the subsidiary issued.

If we lose any of our key personnel, we may be unable to effectively manage our business or continue our growth.

Our future performance depends to a significant degree upon the continued contributions of our management team and our ability to attract, hire, train and retain qualified managerial, sales and marketing personnel. In particular, we rely on our sales and marketing teams to create innovative ways to generate demand for the products we distribute. The loss or unavailability to us of any member of our management team or a key sales or marketing employee could have a material adverse effect on us to the extent we are unable to timely find adequate replacements. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. We may be unsuccessful in attracting, hiring, training and retaining qualified personnel.

Interruptions in the proper functioning of our information systems could disrupt operations and cause increases in costs or decreases in revenues.

The proper functioning of our information systems is critical to the successful operation of our business. We depend on our information management systems to process orders, track credit risk, manage inventory and monitor accounts receivable collections. Our information systems also allow us to efficiently purchase products from our vendors and ship products to our customers on a timely basis, maintain cost-effective operations and provide superior service to our customers. However, our information systems could be vulnerable to natural disasters, power losses, telecommunication failures, security breaches and other problems. If critical information systems fail or are otherwise unavailable, our ability to procure products to sell, process and ship customer orders, identify business opportunities, maintain proper levels of inventories, collect accounts receivable and pay accounts payable and expenses could be adversely affected. Our ability to integrate our systems with our customers' systems would also be significantly affected. If our information systems are damaged or fail to function properly, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to manage inventories or process transactions, which could result in lost sales, inability to process purchase orders and/or a potential loss of customer loyalty, which could adversely affect our results of operations. We maintain information systems controls designed to protect against, among other things, unauthorized

program changes and unauthorized access to data on our information systems. If our information systems controls do not function properly, we face increased risks of unexpected errors and unreliable financial data or theft of proprietary Company information.

The loss of third-party transportation providers upon whom we depend, or conditions negatively affecting the transportation industry, could increase our costs or cause a disruption in our operations.

We depend upon third-party transportation providers for delivery of products to our customers. Strikes, slowdowns, transportation disruptions or other conditions in the transportation industry, including, but not limited to, shortages of truck drivers, disruptions in rail service, increases in fuel prices and adverse weather conditions, could increase our costs and disrupt our operations and our ability to service our customers on a timely basis. We cannot predict to what extent increases or anticipated increases in fuel prices may impact our costs or cause a disruption in our operations going forward.

Adverse weather events or natural disasters could negatively affect local economies and disrupt operations.

Certain areas in which we operate are susceptible to adverse weather conditions or natural disasters, such as hurricanes, tornadoes, floods and earthquakes. These events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. Additionally, we may experience communication disruptions with our customers, vendors and employees. These events can cause physical damage to our locations and require us to close locations. Additionally, our sales orders and shipments can experience a temporary decline immediately following these events.

We cannot predict whether or to what extent damage caused by these events will affect our operations or the economies in regions where we operate. These adverse events could result in disruption of our purchasing or distribution capabilities, interruption of our business that exceeds our insurance coverage, our inability to collect from customers and increased operating costs. Our business or results of operations may be adversely affected by these and other negative effects of these events.

The occurrence of cyber incidents, or a deficiency in our cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information or damage to our Company's image, all of which could negatively impact our financial results.

A cyber incident is any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. In addition, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks. Our four primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our Company's image, financial loss and private data exposure.

We have implemented solutions, processes, and procedures to help mitigate this risk, but these measures, as well as our organization's increased awareness of our risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident. Our security measures may be undermined due to the rapid evolution and increased adoption of artificial intelligence and machine learning technologies, actions of outside parties, employee error, internal or external malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Our systems are subject to repeated attempts by third parties to access information or to disrupt our systems. Such disruptions or misappropriations and the resulting repercussions, including reputational damage and legal claims or proceedings, may adversely affect our results of operations, cash flows and financial condition, and the trading price of our common stock.

Privacy concerns relating to our personal and business information being potentially breached could damage our reputation and deter current and potential users or customers from using our products and services.

We have security measures and controls to protect personal and business information and continue to make investments to secure access to our information technology network. These measures may be undermined, however, due to the actions of outside parties, employee error, internal or external malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques, timely discover or counter them, or implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our business and results of operations.

We have goodwill recorded on our balance sheet. If our goodwill becomes impaired, we may be required to recognize charges that would reduce our income.

As of December 31, 2024, we had \$230 million of goodwill recorded on our balance sheet. Under generally accepted accounting principles in the U.S., goodwill is not amortized, but must be reviewed for possible impairment annually, or more often in certain circumstances where events indicate that the asset values are not recoverable. These reviews could result in an earnings charge for impairment, which would reduce our net income even though there would be no impact on our underlying cash flow.

Risks Relating to Our Supply Chain and International Trade Policies

We may experience unexpected supply shortages.

We distribute products from a wide variety of manufacturers and suppliers. Nevertheless, in the future we may have difficulty obtaining the products we need from suppliers and manufacturers as a result of unexpected demand or production difficulties that might extend lead times. Also, products may not be available to us in quantities sufficient to meet our customer demand. Our inability to obtain products from suppliers and manufacturers in sufficient quantities, or at all, could adversely affect our product offerings and our business.

We may experience cost increases from suppliers, which we may be unable to pass on to our customers.

In the future, we may face supply cost increases due to, among other things, unexpected increases in demand for supplies, decreases in production of supplies or increases in the cost of raw materials or transportation, or trade wars. Any inability to pass supply price increases on to our customers could have a material adverse effect on us. In addition, if supply costs increase, our customers may elect to purchase smaller amounts of products or may purchase products from other distributors. While we may be able to work with our customers to reduce the effects of unforeseen price increases because of our relationships with them, we may not be able to reduce the effects of the cost increases. In addition, to the extent that competition leads to reduced purchases of products from us or a reduction of our prices, and these reductions occur concurrently with increases in the prices for selected commodities which we use in our operations, the adverse effects described above would likely be exacerbated and could result in a prolonged downturn in profitability.

We do not have contracts with most of our suppliers. The loss of a significant supplier would require us to rely more heavily on our other existing suppliers or to develop relationships with new suppliers. Such a loss may have an adverse effect on our product offerings and our business.

Given the nature of our business, and consistent with industry practice, we do not have contracts with most of our suppliers. We generally make our purchases through purchase orders. Therefore, most of our suppliers have the ability to terminate their relationships with us at any time. Although we believe there are numerous manufacturers with the capacity to supply the products we distribute, the loss of one or more of our major suppliers could have an adverse effect on our product offerings and our business. Such a loss would require us to rely more heavily on our other existing suppliers or develop relationships with new suppliers, which may cause us to pay higher prices for products due to, among other things, a loss of volume discount benefits currently obtained from our major suppliers.

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity.

Changes in our credit profile may affect the way our suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices. Given the large dollar amounts and volume of our purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers and, consequently, may have a material adverse effect on us.

Price reductions by suppliers of products that we sell could cause the value of our inventory to decline. Also, these price reductions could cause our customers to demand lower sales prices for these products, possibly decreasing our margins and profitability on sales to the extent that we purchased our inventory of these products at the higher prices prior to supplier price reductions.

The value of our inventory could decline as a result of manufacturer price reductions with respect to products that we sell. There is no assurance that a substantial decline in product prices would not result in a write-down of our inventory value. Such a write-down could have an adverse effect on our financial condition. Also, decreases in the market prices of products that we sell could cause customers to demand lower sales prices from us. These price reductions could reduce our margins and profitability on sales with respect to the lower-priced products. Reductions in our margins and profitability on sales could have a material adverse effect on us.

A substantial decrease in the price of steel could significantly lower our product margin or cash flow.

We distribute many products manufactured from steel. As a result, the price and supply of steel can affect our business and, in particular, our pipe product category. When steel prices are lower, the prices that we charge customers for products may decline, which affects our product margin and cash flow. At times pricing and availability of steel can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, labor costs, sales levels, competition, consolidation of steel producers, fluctuations in and the costs of raw materials necessary to produce steel, steel manufacturers' plant utilization levels and capacities, import duties and tariffs and currency exchange rates. Increases in manufacturing capacity for steel-related products could put pressure on the prices we receive for such products. When steel prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sales prices and, consequently, lower product margin and cash flow.

If steel prices rise, we may be unable to pass along the cost increases to our customers.

We maintain inventories of steel products to accommodate the lead time requirements of our customers. Accordingly, we purchase steel products in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, contracts with customers and market conditions. Our commitments to purchase steel products are generally at prevailing market prices in effect at the time we place our orders. If steel prices increase between the time we order steel products and the time of delivery of the products to us, our suppliers may impose surcharges that require us to pay for increases in steel prices during the period. Demand for the products we distribute, the actions of our competitors and other factors will influence whether we will be able to pass on steel cost increases and surcharges to our customers, and we may be unsuccessful in doing so.

If existing tariffs and duties on imports of line pipe or certain of the other products that we sell are lifted, the U.S. market could see an increased supply of less expensive products, which could adversely affect our business and results of operations.

U.S. law currently imposes tariffs and duties on imports of certain pipe and steel products that we sell. If these tariffs and duties are lifted or reduced, our U.S. customers may decide to purchase these less expensive imported products rather than the higher-cost products in our existing inventory, which could materially and adversely affect our business and results of operations. The increased supply of these less expensive imported products could also drive down prices on our domestic or other alternate products that compete with the imported products, which could adversely affect our margins, decrease the value of our inventory and result in a longer holding period for some of our inventory.

Changes in trade policies, including the imposition or elimination of additional tariffs and duties, could negatively impact our business, financial condition and results of operations.

The U.S. government has continued to impose Section 232 tariffs, Section 301 tariffs and various dumping duties on steel and aluminum and a broad range of other products imported into the U.S. Changes in tariffs and duties affect our material input costs. These tariffs and duties are subject to change. If these tariffs or duties were removed or adjusted down, it could drive down the costs of certain products and affect our inventory value which could affect our margin negatively. In addition, there could be additional trade actions or rate increases imposed by the U.S. and these could also result in additional retaliatory actions by the U.S.' trade partners. Given that we procure significant materials that we resell directly or indirectly from outside of the U.S., potential changes in U.S. trade policy could increase the cost or limit the availability of such raw materials, which could hurt our competitive position and adversely impact our business, financial condition and results of operations. In addition, we sell a significant proportion of our products to customers outside of the U.S. Retaliatory actions by other countries could result in increases in the price of our products, which could limit demand for such products, hurt our global competitive position and have a material adverse effect on our business, financial condition and results of operations. While tariffs and other retaliatory trade measures imposed by other countries on U.S. goods have not yet had a significant impact on our business or results of operations, we cannot predict further developments, and such existing or future tariffs could have a material adverse effect on our results of operations, financial position and cash flows.

Risks Relating to Legal and Regulatory Matters

We are subject to strict environmental, health and safety laws and regulations that may lead to significant liabilities and have a material adverse effect on our business, financial condition and results of operations.

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws, regulations and permitting requirements, including those governing the discharge of pollutants or hazardous substances into the air, soil or water, the generation, handling, use, management, storage and disposal of, or exposure to, hazardous substances and wastes (including greenhouse gas ("GHG") emissions), the responsibility to investigate and clean up contamination and occupational health and safety. Regulations and courts may impose fines and penalties for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and conditions of required permits. Our failure to comply with

applicable environmental, health and safety requirements could result in fines, penalties, enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders requiring corrective measures, including the installation of pollution control equipment or remedial actions. Certain laws and regulations, such as the Comprehensive Environmental Response, Compensation, and Liability Act (also known as “CERCLA” or the “U.S. federal Superfund law”) or its state and foreign equivalents, may impose the obligation to investigate and remediate contamination at a facility on current and former owners or operators or on persons who may have sent waste to that facility for disposal. These laws and regulations may impose liability without regard to fault or to the legality of the activities giving rise to the contamination.

Moreover, we may incur liabilities in connection with environmental conditions currently unknown to us relating to our existing, prior or future owned or leased sites or operations or those of predecessor companies whose liabilities we may have assumed or acquired. We believe that indemnities contained in certain of our acquisition agreements may cover certain environmental conditions existing at the time of the acquisition, subject to certain terms, limitations and conditions. However, if these indemnification provisions terminate or if the indemnifying parties do not fulfill their indemnification obligations, we may be subject to liability with respect to the environmental matters that those indemnification provisions address. In addition, environmental, health and safety laws and regulations applicable to our business and the business of our customers, including laws regulating the energy industry, and the interpretation or enforcement of these laws and regulations, are constantly evolving. It is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation or enforcement, may have on us.

Existing or future laws, regulations, court orders or other public- or private-sector initiatives to limit greenhouse gas emissions or relating to climate change may reduce demand for our products and services and the physical effects of climate change could damage our assets or facilities, adversely impacting our business, results of operations, and financial condition.

Continuing political and social attention to the issue of climate change has resulted in both existing and proposed international agreements and national, regional, and local legislation and regulatory measures to limit GHG emissions. The implementation of these agreements, including the Paris Agreement, the Europe Climate Law, and other existing or future regulatory mandates, may adversely affect the demand for our products and services, impose taxes on us or our customers, require us or our customers to reduce GHG emissions from our technologies or operations, or accelerate the obsolescence of our products or services.

There is also increased focus by our customers, investors and other stakeholders on climate change, sustainability, and energy transition matters. Actions to address these concerns or negative perceptions of our industry or fossil fuel products and their relationship to the environment have led to initiatives to conserve energy and promote the use of alternative energy sources, which may reduce the demand for and production of oil and gas in areas of the world where our customers operate, and thus reduce future demand for our products and services.

We and our suppliers also may be subject to physical risks associated with climate change, such as increased severity and frequency of extreme weather events and more frequent short-term business disruptions as a result of severe weather such as flooding, storms, droughts, fires, snowstorms and other climatic events, which could impair our ability to effectively deliver products and services to our customers or to keep our operating costs aligned with expectations or cause destruction to our assets or facilities. While we carry insurance coverage standard within our industry to protect us against many of these risks, the potential physical effects of climate change are uncertain, and we may not carry adequate coverage to protect all of our assets or facilities from climate-related events. If any of these risks were realized, we could experience interruptions in supply or increases in costs that might result in our being unable to meet customer demand for our products and services, damage our relationships with our customers and reduce our market share, all of which could adversely affect our results of operations and financial condition.

We may not have adequate insurance for potential liabilities, including liabilities arising from litigation.

In the ordinary course of business, we have, and in the future may, become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, the products we distribute, employees and other matters, including potential claims by individuals alleging exposure to hazardous materials as a result of the products we distribute or our operations. Some of these claims may relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of the businesses. The products we distribute are sold primarily for use in the energy industry, which is subject to inherent risks that could result in death, personal injury, property damage, pollution, release of hazardous substances or loss of production. In addition, defects in the products we distribute could result in death, personal injury, property damage, pollution, release of hazardous substances or damage to equipment and facilities. Actual or claimed defects in the products we distribute may give rise to claims against us for losses and expose us to claims for damages.

We maintain insurance to cover certain of our potential losses, and we are subject to various self-retentions, deductibles and caps under our insurance. We face the following risks with respect to our insurance coverage:

- we may not be able to continue to obtain insurance on commercially reasonable terms;

- we may incur losses from interruption of our business that exceed our insurance coverage;
- we may be faced with types of liabilities that will not be covered by our insurance;
- our insurance carriers may not be able to meet their obligations under the policies; or
- the dollar amount of any liabilities may exceed our policy limits.

Even a partially uninsured claim, if successful and of significant size, could have a material adverse effect on us. Finally, even in cases where we maintain insurance coverage, our insurers may raise various objections and exceptions to coverage that could make uncertain the timing and amount of any possible insurance recovery.

Due to our position as a distributor, we are subject to personal injury, product liability and environmental claims involving allegedly defective products.

Our customers use certain products we distribute in potentially hazardous applications that can result in personal injury, product liability and environmental claims. A catastrophic occurrence at a location where end-users use the products we distribute may result in us being named as a defendant in lawsuits asserting potentially large claims, even though we did not manufacture the products. Applicable law may render us liable for damages without regard to negligence or fault. In particular, certain environmental laws provide for joint and several and strict liability for remediation of spills and releases of hazardous substances. Certain of these risks are reduced by the fact that we are a distributor of products that third-party manufacturers produce, and, thus, in certain circumstances, we may have third-party warranty or other claims against the manufacturer of products alleged to have been defective. However, there is no assurance that these claims could fully protect us or that the manufacturer would be able financially to provide protection. There is no assurance that our insurance coverage will be adequate to cover the underlying claims. Our insurance does not provide coverage for all liabilities (including liability for certain events involving pollution or other environmental claims).

We face risks associated with conducting business in markets outside of the U.S. and Canada.

We currently conduct business in countries outside of the U.S. and Canada. We could be materially and adversely affected by economic, legal, political and regulatory developments in the countries in which we do business in the future or in which we expand our business, particularly those countries which have historically experienced a high degree of political or economic instability. Examples of risks inherent in conducting business in markets outside of the U.S. and Canada include:

- changes in the political and economic conditions in the countries in which we operate, including civil uprisings and terrorist acts;
- unexpected changes in regulatory requirements;
- changes in tariffs;
- the adoption of foreign or domestic laws limiting exports to or imports from certain foreign countries;
- fluctuations in currency exchange rates and the value of the U.S. dollar;
- restrictions on repatriation of earnings;
- expropriation of property without fair compensation;
- governmental actions that result in the deprivation of contract or proprietary rights; and
- the acceptance of business practices which are not consistent with or are antithetical to prevailing business practices we are accustomed to in North America including export compliance and anti-bribery practices and governmental sanctions.

If we begin doing business in a foreign country in which we do not presently operate, we may also face difficulties in operations and diversion of management time in connection with establishing our business there.

We are subject to U.S. and other anti-corruption laws, trade controls, economic sanctions, and similar laws and regulations, including those in the jurisdictions where we operate. Our failure to comply with these laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.

Doing business on a worldwide basis requires us to comply with the laws and regulations of the U.S. government and various foreign jurisdictions. These laws and regulations place restrictions on our operations, trade practices, partners and investment decisions. In particular, our operations are subject to U.S. and foreign anti-corruption and trade control laws and regulations, such as the Foreign Corrupt Practices Act (“FCPA”), export controls and economic sanctions programs, including those administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”). As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption and trade control laws and sanctions regulations.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. It also requires us to keep books and records that accurately and fairly reflect the Company's transactions. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, the United Kingdom Bribery Act (the "Bribery Act") extends beyond bribery of foreign public officials and also apply to transactions with individuals that a government does not employ. The provisions of the Bribery Act are also more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Our continued expansion outside the U.S., including in developing countries, and our development of new partnerships and joint venture relationships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future.

Economic sanctions programs restrict our business dealings with certain sanctioned countries, persons and entities. In addition, because we act as a distributor, we face the risk that our customers might further distribute our products to a sanctioned person or entity, or an ultimate end-user in a sanctioned country, which might subject us to an investigation concerning compliance with the OFAC or other sanctions regulations.

Violations of anti-corruption and trade control laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We have established policies and procedures designed to assist our compliance with applicable U.S. and international anti-corruption and trade control laws and regulations, including the FCPA, the Bribery Act and trade controls and sanctions programs administered by the OFAC, and have trained our employees to comply with these laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or other associated persons will not take actions in violation of our policies and these laws and regulations, and that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage or provide a defense to any alleged violation. In particular, we may be held liable for the actions that our local, strategic or joint venture partners take inside or outside of the U.S., even though our partners may not be subject to these laws. Such a violation, even if our policies prohibit it, could have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, persons and entities, which could adversely affect the market for our common stock and other securities.

Compliance with and changes in laws and regulations in the countries in which we operate could have a significant financial impact and effect how and where we conduct our operations.

We have operations in the U.S. and in other countries that can be impacted by expected and unexpected changes in the business and legal environments in the countries in which we operate. Compliance with and changes in laws, regulations, and other legal and business issues could impact our ability to manage our costs and to meet our earnings goals. Compliance related matters could also limit our ability to do business in certain countries. Changes that could have a significant cost to us include new legislation, new regulations, or a differing interpretation of existing laws and regulations, changes in tax law or tax rates, the unfavorable resolution of tax assessments or audits by various taxing authorities, the expansion of currency exchange controls, export controls or additional restrictions on doing business in countries subject to sanctions in which we operate or intend to operate.

Risks Relating to Our Common Stock

The market price of our shares may fluctuate widely.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our competitors' significant acquisitions or dispositions;
- the failure of our operating results to meet the estimates of securities analysts or the expectations of our stockholders;
- changes in earnings estimates by securities analysts or our ability to meet our earnings guidance;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations and general economic conditions; and
- the other factors described in these "Risk Factors" and elsewhere in this Form 10-K.

Stock markets in general have also experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could negatively affect the trading price of our common stock.

Your percentage ownership in us may be diluted in the future.

As with any publicly traded company, your percentage ownership in us may be diluted in the future because of equity issuances for acquisitions, capital market transactions or otherwise, including, without limitation, equity awards that we expect will be granted to our directors, officers and employees.

We cannot assure you that we will pay dividends on our common stock.

We do not currently pay dividends on our common stock. We currently intend to retain our future earnings to support the growth and development of our business. The payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend upon, among other things, our financial condition, results of operations, capital requirements and development expenditures, future business prospects and any restrictions imposed by future debt instruments.

Certain provisions in our corporate documents and Delaware law may prevent or delay an acquisition of our company, even if that change may be considered beneficial by some of our stockholders.

The existence of some provisions of our certificate of incorporation and bylaws and Delaware law could discourage, delay or prevent a change in control of us that a stockholder may consider favorable. These include provisions:

- providing our Board of Directors with the right to issue preferred stock without stockholder approval;
- prohibiting stockholders from taking action by written consent;
- restricting the ability of our stockholders to call a special meeting;
- providing that the number of directors will be filled by the Board of Directors and vacancies on the Board of Directors, including those resulting from an enlargement of the Board of Directors, will be filled by the Board of Directors;
- requiring cause and an affirmative vote of at least 80 percent of the voting power of the then-outstanding voting stock to remove directors;
- requiring the affirmative vote of at least 80 percent of the voting power of the then-outstanding voting stock to amend certain provisions of our certificate of incorporation and bylaws; and
- establishing advance notice requirements for nominations of candidates for election to our Board of Directors or for stockholder proposals.

In addition, we are subject to Section 203 of the Delaware General Corporation Law (the “DGCL”) which may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors, including discouraging takeover attempts that could have resulted in a premium over the market price for shares of our common stock.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of our company and our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cyber Risk Management and Strategy

The Company recognizes the increasing significance of cybersecurity threats in today's digital landscape and has implemented a cyber risk management program to identify, assess, manage, mitigate and respond to cybersecurity threats. This program is integrated within the Company's enterprise risk management program. Our approach is designed to safeguard sensitive information, protect critical assets and maintain the integrity of our operations.

- Regular assessments of cyber risks, taking into account the evolving threat landscape, technological advancements and changes in our business operations.
- Proactive identification and mitigation of vulnerabilities in our information systems through regular scanning, testing and patch management.
- Implementing and continuously monitoring security controls, including firewalls, intrusion detection systems, encryption and access controls, to safeguard against unauthorized access and data breaches. Our controls are based on the latest Center of Internet Security (CIS) Critical Security Controls best practices for cybersecurity and the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF).
- Regular testing of our Cyber Incident Response Plan through tabletop exercises to ensure a swift, coordinated and effective response in the event of cyber incidents to minimize impact on operations. As part of our cyber incident response process, we also engage third-party experts as needed, such as external legal advisors and cybersecurity forensic firms.

Governance

Our governance structure is designed to ensure effective oversight and management of cybersecurity risks:

- The Board of Directors is actively engaged in overseeing cybersecurity matters, receiving regular briefings and ensuring alignment between cybersecurity strategy and overall business strategy.
- A dedicated committee oversees cybersecurity governance, assessing policies, practices and risk mitigation strategies and ensuring alignment with industry best practices.
- Our executive leadership team actively participates in the development and execution of cybersecurity strategy, reinforcing the importance of cybersecurity at the highest levels of the organization.
- IT and Cybersecurity reports to the Chief Administrative and Information Officer (CAIO) who provides updates to the dedicated committee.

Regulatory Compliance

We remain committed to complying with all relevant cybersecurity regulations and standards applicable to our industry. Our governance structure is designed to adapt to evolving regulatory requirements and industry best practices.

While we believe our current measures are robust, we recognize the dynamic nature of cyber threats and continually refine our approach to remain vigilant and responsive.

This disclosure provides stakeholders with a comprehensive overview of the organization's cyber risk management, strategy and governance practices, demonstrating a commitment towards proactive cybersecurity measures and compliance.

No unauthorized access to customer, vendor, supplier, joint venture, employee or our data occurred as a result of cybersecurity incidents against us that has had a material adverse effect on our business, operations, or consolidated financial condition. See additional information about our cybersecurity risks under Risks Relating to Our Business in Item 1(a) Risk Factors.

ITEM 2. PROPERTIES

As of December 31, 2024, our three reporting segments, the United States, Canada and International, had approximately 110 locations, 40 locations and 15 locations, respectively. International countries include: Australia, England, Kuwait, the Netherlands, Norway, Scotland, Singapore and UAE. Our properties are comprised of offices, supercenters and branches, approximately 85% of which are leased. One owned facility is pledged as collateral under our senior secured revolving credit facility discussed in Note 11 “Debt” of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K); none of our owned facilities are subject to mortgages.

ITEM 3. LEGAL PROCEEDINGS

We have various claims, lawsuits and administrative proceedings that are pending or threatened, all arising in the ordinary course of business, with respect to commercial, product liability and employee matters. Although no assurance can be given with respect to the outcome of these or any other pending legal and administrative proceedings and the effect such outcomes may have, we believe any ultimate liability resulting from the outcome of such claims, lawsuits or administrative proceedings will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. See Note 14 “Commitments and Contingencies” of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) for additional information.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Quarterly Common Stock Prices and Cash Dividends Per Share

DNOW Inc. common stock is traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “DNOW”.

Our Board of Directors has not declared any dividends during 2022, 2023 or 2024 and currently has no intention to declare dividends.

As of January 31, 2025, there were 1,663 holders of record of our common stock. Many stockholders choose to own shares through brokerage accounts and other intermediaries rather than as holders of record (excluding individual participants in securities positions listing) so the actual number of stockholders is unknown but likely significantly higher.

The information relating to our equity compensation plans required by Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” is incorporated by reference to such information as set forth in Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” contained herein.

The following table presents a summary of share repurchases made during the three months ended December 31, 2024:

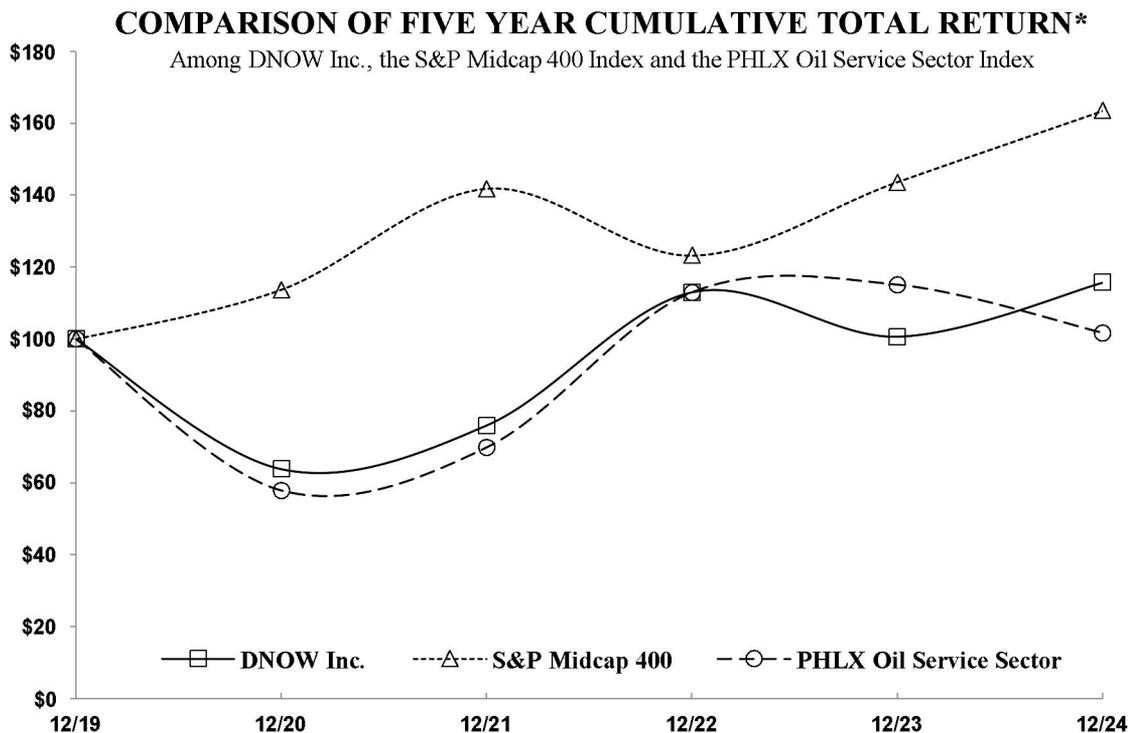
Period	Total number of shares purchased	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced program ⁽²⁾	Approximate dollar value of shares that may yet be purchased under the program ⁽¹⁾⁽²⁾ <i>(in millions)</i>
October 1 - 31, 2024	181,022	\$ 12.34	181,022	\$ 4
November 1 - 30, 2024	263,207	\$ 14.72	263,207	\$ —
December 1 - 31, 2024	—	\$ —	—	\$ —
Total	444,229	\$ 13.75	444,229	

(1) Excludes 1% excise tax on share repurchases.

(2) On August 3, 2022, the Company’s Board of Directors approved a share repurchase program, under which the Company is authorized to purchase up to \$80 million of its outstanding common stock through December 31, 2024.

Performance Graph

The graph below compares the cumulative five year total return provided shareholders on DNOW Inc.'s common stock relative to the cumulative total returns of the S&P Midcap 400 index and the PHLX Oil Service Sector index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each index on December 31, 2019 and its relative performance is tracked through December 31, 2024.



*\$100 invested on 12/31/19 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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	12/19	12/20	12/21	12/22	12/23	12/24
DNOW Inc.	\$ 100	\$ 64	\$ 76	\$ 113	\$ 101	\$ 116
S&P Midcap 400	\$ 100	\$ 114	\$ 142	\$ 123	\$ 144	\$ 164
PHLX Oil Service Sector	\$ 100	\$ 58	\$ 70	\$ 113	\$ 115	\$ 102

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

This information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A (17 CFR 240.14a-1-240.14a-104), other than as provided in Item 201(e) of Regulation S-K, or to the liabilities of section 18 of the Exchange Act (15 U.S.C. 78r).

ITEM 6. RESERVED

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Basis of Presentation

The accompanying consolidated financial information include the accounts of the Company and its consolidated subsidiaries. All significant intercompany transactions and accounts have been eliminated. Variable interest entities for which the Company is the primary beneficiary are fully consolidated with the equity held by the outside stockholders and their portion of net income (loss) reflected as noncontrolling interest in the accompanying consolidated financial statements.

General Overview

We are a distributor to the oil and gas, energy transition and industrial markets with a legacy of over 160 years. We operate primarily under the DNOW brand along with several affiliated brands operating in local, regional or international markets that are tied to prior acquisitions. Through our network of approximately 165 locations and approximately 2,575 employees worldwide, we stock and sell a comprehensive offering of energy products as well as a selection of products for industrial applications. Our product and service offerings are consumed throughout the energy industry – from upstream drilling and completion, E&P, midstream transmission, gas and crude oil processing infrastructure development to downstream petroleum refining and petrochemicals – as well as in other industries, such as chemical processing, mining, water/wastewater, food and beverage, gas utilities and the evolution of energy transition markets inclusive of greenhouse gas reduction and emissions capture and storage, renewable fuels such as biofuels, RNG, wind, solar, production of hydrogen as a fuel to power equipment and select industrial markets. The energy and industrial distribution end markets we serve are inclusive of engineering and construction firms that perform capital and maintenance projects for their clients. We also provide supply chain and materials management solutions to the same markets where we sell products.

Our global product offering includes pipe, manual and automated valves, fittings, flanges, gaskets, fasteners, electrical, instrumentation, artificial lift, pumping solutions and modular process, production, measurement, automation, control equipment and consumable MRO supplies. We also offer sourcing, procurement, warehouse and inventory management solutions as part of our supply chain and materials management offering. We have developed expertise in providing application systems, work processes, parts integration, optimization solutions and after-sales support that provide more efficient and productive solutions for our customers.

Our solutions include outsourcing portions or entire functions of our customers’ procurement, warehouse and inventory management, logistics, point of issue technology, project management, business process and performance metrics reporting. These solutions allow us to leverage the infrastructure of our SAP™ ERP system and other technologies to streamline our customers’ purchasing process, from requisition to procurement to payment, by digitally managing workflow, improving approval routing and providing robust reporting functionality.

We support land and offshore operations for the major oil and gas producing regions around the world through our network of locations. Our key markets include the U.S., Canada, UK, Norway, Australia, the Netherlands, Singapore and the Middle East area with the ability to provide products through an export model to operators with operations in Southeast Asia and West Africa. Products sold through our locations support brownfield and greenfield expansion upstream capital projects, midstream infrastructure and transmission and MRO consumables used in day-to-day production. We provide downstream energy and industrial products for petroleum refining, chemical processing, LNG terminals, power generation, gas utilities serviced by a combination of customer on-site locations and off-site service locations in combination with our digital offerings.

Our supplier network consists of thousands of vendors in approximately 30 countries. From our operations, we sell to customers operating in approximately 80 countries. The supplies and equipment stocked by each of our locations are customized to meet varied and changing local customer demands. The breadth, scale and availability of our product offering enhances our value proposition to our customers, suppliers and shareholders.

We employ advanced information technologies, including a common ERP platform across most of our business, to provide complete procurement, warehouse and inventory management and logistics coordination to our customers around the globe. Having a common ERP platform allows immediate visibility into our inventory assets, operations and financials worldwide, enhancing decision making and efficiency.

Our revenue and operating results are related to the level of worldwide oil and gas drilling and production activities and the profitability and cash flow of oil and gas companies and drilling contractors, which in turn are affected by current and anticipated prices of oil and gas. Oil and gas prices have been and are likely to continue to be volatile. See Item 1A. “Risk Factors.” We conduct our operations through three business segments: U.S., Canada and International. See Item 1. “Business—Summary of Reportable Segments” for a discussion of each of these business segments.

Unless indicated otherwise, results of operations data are presented in accordance with accounting principles generally accepted in the United States (“GAAP”). In an effort to provide investors with additional information regarding our results as determined by GAAP, we may disclose non-GAAP financial measures. The primary non-GAAP financial measure we focus on is earnings before interest,

taxes, depreciation and amortization, excluding other costs (“EBITDA excluding other costs”), and EBITDA excluding other costs as a percentage of revenue. This financial measure excludes the impact of certain amounts and is not calculated in accordance with GAAP. See “Non-GAAP Financial Measures and Reconciliations” in Results of Operations for an explanation of our use of non-GAAP financial measures and reconciliations to the corresponding measures calculated in accordance with GAAP.

Operating Environment Overview

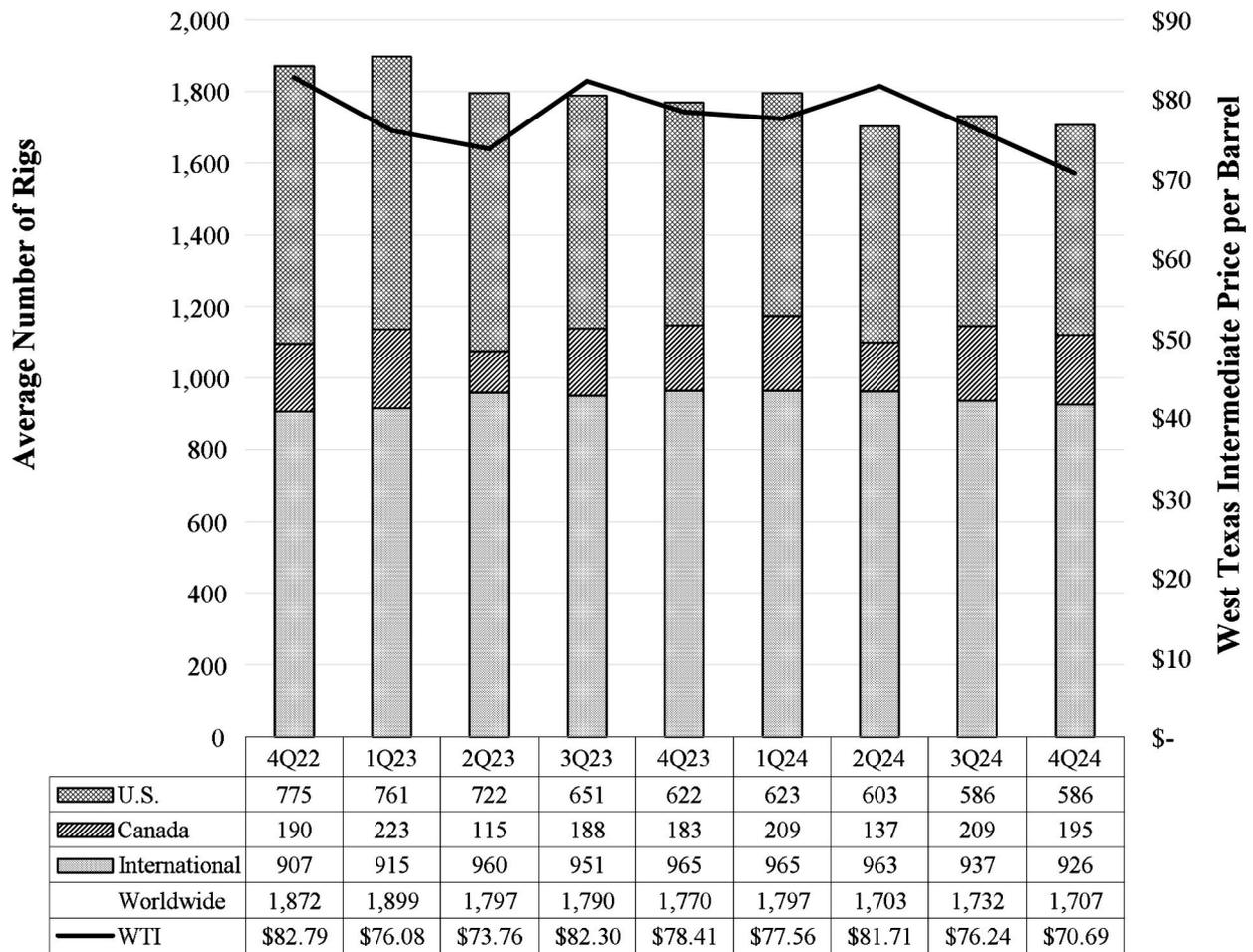
Our results are dependent on, among other factors, the level of worldwide oil and gas drilling and completions, well remediation activity, crude oil and natural gas prices, capital spending by oilfield service companies and drilling contractors, and the worldwide oil and gas inventory levels. Key industry indicators for the past three years include the following:

	2024*	2023*	% 2024 v 2023	2022*	% 2024 v 2022
Active Drilling Rigs:					
U.S.	599	689	(13.1%)	721	(16.9%)
Canada	188	177	6.2%	176	6.8%
International	948	948	0.0%	851	11.4%
Worldwide	<u>1,735</u>	<u>1,814</u>	<u>(4.4%)</u>	<u>1,748</u>	<u>(0.7%)</u>
West Texas Intermediate Crude Prices (per barrel)	\$ 76.55	\$ 77.64	(1.4%)	\$ 94.79	(19.2%)
Natural Gas Prices (\$/MMBtu)	\$ 2.19	\$ 2.54	(13.8%)	\$ 6.42	(65.9%)
Hot-Rolled Coil Prices (steel) (\$/short ton)	\$ 781.00	\$ 887.47	(12.0%)	\$ 1,097.24	(28.8%)
U.S. Wells Completed	11,731	12,847	(8.7%)	13,102	(10.5%)

* Averages for the years indicated, except for U.S. Wells Completed. See sources on following page.

The following table details the U.S., Canadian, and international rig activity and West Texas Intermediate (“WTI”) oil prices for the past nine quarters ended December 31, 2024:

Industry Trends Rig Counts and Oil Prices



Sources: Rig count: Baker Hughes, Inc. (www.bakerhughes.com); West Texas Intermediate Crude and Natural Gas Prices: Department of Energy, Energy Information Administration (www.eia.gov); Hot-Rolled Coil Prices: SteelBenchmarker™ Hot Roll Coil USA (www.steelbenchmarker.com); U.S. Wells Completed: Department of Energy, Energy Information Administration (www.eia.gov) (As revised).

The worldwide average rig count declined 4.4% (from 1,814 rigs to 1,735 rigs) and the U.S. declined 13.1% (from 689 rigs to 599 rigs) in 2024 compared to 2023. The average price of WTI crude declined 1.4% (from \$77.64 per barrel to \$76.55 per barrel), and natural gas prices declined 13.8% (from \$2.54 per MMBtu to \$2.19 per MMBtu) in 2024 compared to 2023. The average price of Hot-Rolled Coil declined 12.0% (from \$887.47 per short ton to \$781.00 per short ton) in 2024 compared to 2023. U.S. Wells Completed declined 8.7% (from 12,847 completion count to 11,731 completion count) in 2024 compared to 2023.

U.S. rig count at January 24, 2025 was 576 rigs, down 23 rigs from the 2024 average. The price for WTI crude was \$74.97 per barrel at January 24, 2025, down 2.1% from the 2024 average. The price for natural gas was \$3.84 per MMBtu at January 24, 2025, up 75.3% from the 2024 average. The price for Hot-Rolled Coil was \$710.00 per short ton at January 27, 2025, down 9.1% from the 2024 average. As released on February 11, 2025, U.S. Wells Completed for January 2025 was 927, down 5.2% on an annualized basis compared to 2024.

Executive Summary

For the year ended December 31, 2024, the Company generated net income attributable to DNOW Inc. of \$81 million, or \$0.74 per fully diluted share on \$2,373 million in revenue. Net income attributable to DNOW Inc. declined for the year ended December 31, 2024, by \$166 million when compared to the corresponding period of 2023. Revenue increased for the year ended December 31, 2024, by \$52 million, or 2.2%, when compared to the corresponding period of 2023. For the year ended December 31, 2024, operating profit was \$113 million compared to \$140 million for the corresponding period of 2023.

Outlook

Our outlook for the Company remains tied to crude oil and natural gas commodity prices, global oil and gas drilling and completions activity, oil and gas spending, and global demand for oil, its refined petroleum products, crude oil, natural gas liquids and natural gas production and decline rates. Crude oil and natural gas prices as well as crude oil and natural gas storage levels are primary catalysts for determining customer activity. In recent years, oil prices have remained volatile and economic and geopolitical uncertainty continues to drive commodity price volatility globally. Despite lower North American rig count resulting from enhancements in technology leading to increased rig efficiencies, we maintain a constructive outlook for our market. Amid these dynamics, we will continue to support our customers, optimize our operations, advance our strategic goals and manage the Company based on market conditions.

We see the evolution in energy transition investments to reduce atmospheric carbon, source carbon capture, storage and new energy streams as an opportunity for DNOW to supply many of the current products and services we provide, as well as an opportunity to partner and source from new suppliers to expand our offering and to meet our customers' needs for their energy evolution investments. A number of our larger customers are leading the investments in energy evolution projects where we expect to continue to support them while expanding our product and solution offerings to meet their changing requirements. Part of our growth strategy is to expand our revenues by targeting new customers in non-oil and gas end markets, in addition to servicing those customers that will play a part in the future of the evolving mix of traditional and new sources of energy.

Results of Operations

Consolidated Results

Years Ended December 31, 2024 and December 31, 2023

The results of operations are presented before consideration of the noncontrolling interest. A summary of the Company's revenue and operating profit by segment in 2024 and 2023 follows (*in millions*):

	Year Ended December 31,		Variance
	2024	2023	\$
Revenue:			
United States	\$ 1,880	\$ 1,749	\$ 131
Canada	253	282	(29)
International	240	290	(50)
Total revenue	<u>\$ 2,373</u>	<u>\$ 2,321</u>	<u>\$ 52</u>
Operating profit:			
United States	\$ 95	\$ 104	\$ (9)
Canada	13	21	(8)
International	5	15	(10)
Total operating profit	<u>\$ 113</u>	<u>\$ 140</u>	<u>\$ (27)</u>

United States

Revenue was \$1,880 million for the year ended December 31, 2024, an increase of \$131 million or 7.5% compared to the year ended December 31, 2023. The increase in the period was primarily driven by incremental revenue from acquisitions completed in 2024 partially offset by a decline in U.S. rigs and completions.

Operating profit was \$95 million for the year ended December 31, 2024, a decline of \$9 million compared to operating profit of \$104 million for the year ended December 31, 2023. Operating profit decreased primarily due to an increase in expenses related to acquisitions completed in 2024, partially offset by the increase in revenue discussed above.

Canada

Revenue was \$253 million for the year ended December 31, 2024, a decline of \$29 million or 10.3% compared to the year ended December 31, 2023. The decrease was due to lower project related activity as well as an unfavorable foreign exchange rate impact.

Our Canadian revenue was approximately 11% of total revenue in 2024, compared to 12% in 2023. We are subject to fluctuations in foreign currency exchange rates relative to the U.S. dollar. Our Canadian revenue is favorably impacted as the U.S. dollar weakens relative to the Canadian dollar, and unfavorably impacted as the U.S. dollar strengthens relative to the Canadian dollar. Our Canadian segment revenue was unfavorably impacted by approximately \$4 million due to changes in foreign currency exchange rates over the prior year.

Operating profit was \$13 million for the year ended December 31, 2024, a decline of \$8 million compared to operating profit of \$21 million for the year ended December 31, 2023. Operating profit decreased primarily due to the decline in revenue discussed above.

International

Revenue was \$240 million for the year ended December 31, 2024, a decline of \$50 million or 17.2% compared to the year ended December 31, 2023. The decrease was primarily driven by weaker project activity.

Our international revenue was approximately 10% of total revenue in 2024, compared to 12% in 2023. We are subject to fluctuations in foreign currency exchange rates relative to the U.S. dollar. Our international revenue is favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S. dollar strengthens relative to other foreign currencies. Our international segment revenue was favorably impacted by approximately \$2 million due to changes in foreign currency exchange rates over the prior year.

Operating profit was \$5 million for the year ended December 31, 2024, a decline of \$10 million compared to operating profit of \$15 million for the year ended December 31, 2023. For the year ended December 31, 2024, operating profit decreased primarily due to an increase in expense of \$9 million related to the restructuring plan in the International segment and revenue decline discussed above.

Cost of products

Cost of products was \$1,838 million for the year ended December 31, 2024 compared to \$1,786 million for the year ended December 31, 2023, an increase of \$52 million. The increase was primarily due to the increase in revenue in the period. Cost of products includes the cost of inventory sold and related items, such as vendor consideration, inventory allowances, amortization of intangibles and inbound and outbound freight.

Warehousing, selling and administrative expenses

Warehousing, selling and administrative expenses were \$416 million for the year ended December 31, 2024 compared to \$395 million for the year ended December 31, 2023, an increase of \$21 million. The increase was primarily driven by an increase in expenses related to acquisitions completed in 2024. Warehousing, selling and administrative expenses include branch location, distribution center and regional expenses (including costs such as compensation, benefits and rent) as well as depreciation and corporate general selling and administrative expenses.

Impairment and other charges

Impairment and other charges were \$6 million for the year ended December 31, 2024 compared to nil for the year ended December 31, 2023. For the year ended December 31, 2024, the Company recognized approximately \$6 million of foreign currency translation losses as a result of substantially completing the liquidation of certain foreign subsidiaries in the International segment.

Other income (expense)

Other income was \$1 million for the year ended December 31, 2024 compared to other expense of \$2 million for the year ended December 31, 2023. For the year ended December 31, 2024, other income improvement was primarily attributable to an increase in interest income.

Provision (benefit) for income taxes

The effective tax rate for the years ended December 31, 2024, and December 31, 2023 was 28.1% and (79.7%), respectively. In general, the effective tax rate differs from the U.S. statutory rate due to recurring items, such as differing tax rates on income earned in foreign jurisdictions, nondeductible expenses and state income taxes. For the year ended December 31, 2024, the effective tax rate was also impacted by foreign currency translation losses and other charges incurred as a result of substantially completing the liquidation of certain foreign subsidiaries with no associated tax benefit, foreign tax credits expiring unused in the period, and the change in valuation allowance recorded against deferred tax assets. For the year ended December 31, 2023, the effective tax rate benefit was primarily driven by a \$148 million deferred tax benefit from the release of the valuation allowance against certain U.S. and non-U.S. deferred tax assets and the recognition of tax expense from earnings in Canada and the United Kingdom.

Consolidated Results

Years Ended December 31, 2023 and December 31, 2022

For discussion related to the results of operations and changes in financial condition for the year ended December 31, 2023 compared to the year ended December 31, 2022 refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K, which was filed with the United States Securities and Exchange Commission on February 15, 2024.

Non-GAAP Financial Measures and Reconciliations

In an effort to provide investors with additional information regarding our results of operations as determined by GAAP, we disclose non-GAAP financial measures. The primary non-GAAP financial measure we disclose is earnings before interest, taxes, depreciation and amortization, excluding other costs (“EBITDA excluding other costs”) and EBITDA excluding other costs as of percentage of revenue. This financial measure excludes the impact of certain amounts and is not calculated in accordance with GAAP. A reconciliation of this non-GAAP financial measure, to its most comparable GAAP financial measure, is included below.

We use EBITDA excluding other costs internally to evaluate and manage the Company’s operations because we believe it provides useful supplemental information regarding the Company’s ongoing operating performance. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results.

The following table sets forth the reconciliations of EBITDA excluding other costs to the most comparable GAAP financial measures (*in millions*):

	Year Ended December 31,					
	2024	As a % of revenue	2023	As a % of revenue	2022	As a % of revenue
GAAP net income attributable to DNOW Inc. ⁽¹⁾	\$ 81	3.4%	\$ 247	10.6%	\$ 128	6.0%
Net income attributable to noncontrolling interest	1		1		1	
Interest expense (income), net	(6)		(4)		(1)	
Income tax provision (benefit)	32		(110)		10	
Depreciation and amortization	34		26		19	
Other costs:						
Stock-based compensation	13		15		11	
Other ⁽²⁾	21		9		7	
EBITDA excluding other costs	<u>\$ 176</u>	7.4%	<u>\$ 184</u>	7.9%	<u>\$ 175</u>	8.2%

⁽¹⁾ We believe that net income (loss) attributable to DNOW Inc. is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA excluding other costs. EBITDA excluding other costs measures the Company’s operating performance without regard to certain expenses. EBITDA excluding other costs is not a presentation made in accordance with GAAP and the Company’s computation of EBITDA excluding other costs may vary from others in the industry. EBITDA excluding other costs has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.

⁽²⁾ Other includes certain income and expenses not included in stock-based compensation.

For the year ended December 31, 2024, Other included International restructuring charges of \$9 million of which approximately \$6 million of foreign currency translation losses included in impairment and other charges, approximately \$2 million of inventory write-downs included in cost of products and \$1 million of other exit costs included in warehousing, selling and administrative. Additionally, Other also included transaction-related charges of approximately \$12 million, of which approximately \$5 million were included in cost of products and approximately \$7 million included in warehousing, selling and administrative. Transaction-related charges include transaction costs, inventory fair value step-up, retention bonus accruals and integration expenses associated with acquisitions.

For the year ended December 31, 2023, Other of \$9 million included approximately \$5 million (included in warehousing, selling and administrative) related to legal fees for litigation matters that were not ordinary or routine to the operations of the business where the Company is seeking damages and approximately \$3 million (included in warehousing, selling and administrative) related to separation and transaction-related charges; as well as approximately \$1 million (included in other income and expense) related to settlements of the plan assets and benefit obligations of the Company’s defined benefit pension plans.

For the year ended December 31, 2022, Other included approximately \$10 million (included in impairment and other charges) related to the reclassification of accumulated foreign currency translation losses due to the substantial liquidation of certain foreign subsidiaries; as well as, approximately \$10 million (included in warehousing, selling and administrative), of which approximately \$5 million related to legal fees for litigation matters that were not ordinary or routine to the operations of the business where the Company is seeking damages and approximately \$5 million related to separation and transaction-related charges; partially offset by a benefit of approximately \$13 million (included in other income) related to the decrease of contingent consideration liability.

Liquidity and Capital Resources

We assess liquidity in terms of our ability to generate cash to fund operating, investing and financing activities. We expect resources to be available to reinvest in existing businesses, strategic acquisitions and capital expenditures to meet short and long-term objectives. We believe that cash on hand, cash generated from expected results of operations and amounts available under our revolving credit facility will be sufficient to fund operations, anticipated working capital needs and other cash requirements, including capital expenditures and our share repurchase program.

At December 31, 2024 and 2023, we had cash and cash equivalents of \$256 million and \$299 million, respectively. As of December 31, 2024, \$93 million of our cash and cash equivalents were maintained in the accounts of our various foreign subsidiaries. For the year ended December 31, 2024, we repatriated \$9 million from our foreign subsidiaries. The Company makes a determination each period concerning its intent and ability to indefinitely reinvest the cash held by its foreign subsidiaries. The Company has not recorded deferred income taxes on undistributed foreign earnings that it considers to be indefinitely reinvested. The Company makes a determination each period whether to indefinitely reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities offset by any available foreign tax credits may result.

We maintain a \$500 million five-year senior secured revolving credit facility that will mature on December 14, 2026. Availability under the revolving credit facility is determined by a borrowing base comprised of eligible receivables, eligible inventory and certain cash deposits in the U.S. and Canada. As of December 31, 2024, we had no borrowings against our revolving credit facility and had approximately \$433 million in availability (as defined in the Credit Agreement) resulting in the excess availability (as defined in the Credit Agreement) of 99%, subject to certain restrictions. Availability excluding certain cash deposits was approximately \$300 million. Borrowings that result in the excess availability dropping below the greater of 10% of the borrowing base or \$40 million are conditioned upon compliance with or waiver of a minimum fixed charge ratio (as defined in the Credit Agreement). The credit facility contains usual and customary affirmative and negative covenants for credit facilities of this type including financial covenants. As of December 31, 2024, we were in compliance with all covenants. We continuously monitor compliance with debt covenants. A default, if not waived or amended, would prevent us from taking certain actions, such as incurring additional debt.

See Note 13 “Leases” of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) for additional information on our obligations and timing of expected future lease payments.

We are often party to certain transactions that require off-balance sheet arrangements such as standby letters of credit and performance bonds and guarantees that are not reflected in our consolidated balance sheets. These arrangements are made in our normal course of business and they are not reasonably likely to have a current or future material adverse effect on our financial condition, results of operations, liquidity or cash flows.

In connection with acquisitions in 2024, the Company is committed to total future retention payments of up to \$13 million payable in 2026 and 2027. Payments are due to various employees if non-financial post combination service conditions are met pursuant to the terms and conditions of the retention agreements.

The following table summarizes our net cash flows provided by (used in) operating activities, investing activities and financing activities for the periods presented (*in millions*):

	Year Ended December 31,		
	2024	2023	2022
Net cash provided by (used in) operating activities	\$ 298	\$ 188	\$ —
Net cash provided by (used in) investing activities	(304)	(48)	(87)
Net cash provided by (used in) financing activities	(33)	(55)	(10)

Fiscal Year 2024 Compared to Fiscal Year 2023

Net cash provided by operating activities was \$298 million in 2024 compared to \$188 million in 2023. Cash provided in 2024 was primarily driven by \$82 million of net income, plus \$97 million of reconciling adjustments, primarily depreciation and amortization, stock-based compensation and deferred income taxes, and a net decrease of \$119 million in working capital. The improvement in 2024 was primarily driven by improved inventory efficiency and better collections on our receivables compared to 2023.

Net cash used in investing activities was \$304 million in 2024 compared to \$48 million in 2023. Cash used primarily related to business acquisitions of \$299 million, net of cash acquired, in 2024 compared to \$32 million, net of cash acquired, in 2023.

Net cash used in financing activities was \$33 million in 2024 compared to \$55 million in 2023. Cash used primarily related to the Company's payment of approximately \$23 million for share repurchases in 2024 compared to \$50 million in 2023.

Effect of the Change in Exchange Rates

For the year ended December 31, 2024, the effect of the change in exchange rates on cash flows was \$4 million unfavorable compared to \$2 million favorable for the years ended December 31, 2023.

For discussion related to the cash flows for the year ended December 31, 2023 compared to the year ended December 31, 2022 refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K, which was filed with the United States Securities and Exchange Commission on February 15, 2024.

Capital Spending

We intend to pursue additional acquisition candidates, but the timing, size or success of any acquisition effort and the related potential capital commitments cannot be predicted. We continue to expect to fund future cash acquisitions primarily with cash on hand, cash flow from operations and the usage of the available portion of the revolving credit facility. We expect capital expenditures for fiscal year 2025 to approximate \$20 million, primarily related to purchases of property, plant and equipment. We will continue to maintain capital discipline and monitor market dynamics, and we may adjust our capital expenditures accordingly.

Share Repurchase Program

On August 3, 2022, the Company's Board of Directors approved a share repurchase program, under which the Company is authorized to purchase up to \$80 million of its outstanding common stock through December 31, 2024. The Company has fully utilized this \$80 million repurchase program as of December 31, 2024. For the year ended December 31, 2024, we repurchased 1,823,249 shares of our common stock for a total of \$23 million. On January 24, 2025, the Company's Board of Directors authorized a new share repurchase program to purchase up to \$160 million of its outstanding common stock. We expect to fund share repurchases primarily with cash on hand, cash flow from operations and the usage of the available portion of the revolving credit facility. The timing and amount of any repurchases will be made at our discretion, taking into account a number of factors, including market conditions. The share repurchase program does not obligate the Company to repurchase shares and may be suspended or discontinued at any time at our discretion. All shares repurchased shall be retired pursuant to the terms of the share repurchase program.

Critical Accounting Estimates

In preparing the financial statements, the Company makes assumptions, estimates and judgments that affect the amounts reported. The Company periodically evaluates its estimates and judgments that are most critical in nature, which are related to allowance for credit losses, inventory reserves, goodwill, purchase price allocation of acquisitions and income taxes. Its estimates are based on historical experience and on its future expectations that the Company believes are reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from our current estimates and those differences may be material.

Allowance for Credit Losses

Accounts receivable consist of balances due from customers and are reported net of the allowance for credit losses, which represents their estimated net realizable value. These receivables are generally trade receivables due in one year or less or expected to be billed and collected in one year or less. The Company measures the allowance for credit losses on trade receivables based on an evaluation of accounts receivable aging, and where applicable, specific reserves on an individual customer basis. The estimated allowance for credit losses reflects the Company's immediate recognition of current expected credit losses by incorporating accounts receivable aging, and the related historical loss experience, as adjusted for current and expected future market conditions that are reasonably available. Judgments in the estimate of allowance for credit losses include global economic and business conditions, oil and gas industry and market conditions, customers' financial conditions and account receivables past due. Results of operations can be affected by adjustments to the allowance due to actual write-offs that differ from estimated amounts. At December 31, 2024 and 2023, allowance for credit losses totaled \$15 million and \$26 million, or 3.7% and 6.3% of gross accounts receivable, respectively.

Inventory Reserves

Inventories consist primarily of oilfield and industrial finished goods and work in process. Work in process primarily consists of inventory and labor related to customer specific engineered equipment. Finished goods are stated at the lower of cost or net realizable value and using average cost methods. Allowances for excess and obsolete inventories are determined based on the Company's historical usage of inventory on hand as well as its future expectations. The Company's estimated carrying value of inventory therefore depends upon demand driven by oil and gas spending activity, which depends in turn upon oil, gas and steel prices, the general outlook for economic growth worldwide, available financing for the Company's customers, political stability in major oil and gas producing areas and the potential obsolescence of various inventory items the Company stocks, among other factors. At December 31, 2024 and 2023, inventory reserves totaled \$17 million and \$21 million, or 4.6% and 5.4% of gross inventory, respectively. Changes in our estimates can be material under different market conditions.

Goodwill

Generally accepted accounting principles require the Company to test goodwill for impairment at least annually or more frequently whenever events or circumstances occur indicating that it might be impaired. Impairment of goodwill is tested at the reporting unit level which is defined as an operating segment or one level below that constitutes a business for which financial information is available and is regularly reviewed by management. We perform the goodwill impairment testing annually in the fourth quarter of each fiscal year, and more frequently on an interim basis, when an event occurs or changes in circumstances indicate that the fair value of a reporting unit may have declined below its carrying value. We use either a qualitative assessment or a quantitative assessment. If the qualitative assessment indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. Events or circumstances which could indicate a probable impairment include, but are not limited to, a significant reduction in worldwide oil and gas prices or drilling; a significant reduction in profitability or cash flow of oil and gas companies or drilling contractors; a significant reduction in worldwide well completion and remediation activity; a significant reduction in capital investment by other oilfield service companies; or a significant increase in worldwide inventories of oil or gas.

The Company has recorded \$230 million of goodwill as of December 31, 2024. We performed the qualitative assessment described above for the annual goodwill impairment test in 2024 and concluded it was more likely than not that the fair value of each of its reporting units was greater than its carrying amount. Accordingly, no further testing was required.

Purchase Price Allocation of Acquisitions

The Company allocates the fair value of the purchase price consideration of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of the acquired assets and liabilities, if any, is recorded as goodwill. The Company uses all available information to estimate fair values including quoted market prices, the carrying value of acquired assets, and widely accepted valuation techniques such as discounted cash flows, multi-period excess earnings and relief from royalty. The Company engages third-party valuation advisors to assist in fair value determination of inventories, identifiable intangible assets and any other significant assets or liabilities when appropriate. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, could materially impact the Company's results of operations.

Income Taxes

The Company is a U.S. registered company and is subject to income taxes in the U.S. The Company operates through various subsidiaries in a number of countries throughout the world. Income taxes are based upon the tax laws and rates of the countries in which the Company operates and earns income.

The Company's annual tax provision is based on taxable income, statutory rates, and the interpretation of the tax laws in the various jurisdictions in which the Company operates. Changes in tax laws, regulations and treaties, foreign currency exchange restrictions or the Company's level of operations or profitability in each jurisdiction could impact the tax liability in any given year.

The Company determined the provision for income taxes under the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. The Company recognizes deferred tax assets to the extent that the Company believes these assets are more-likely-than-not to be realized, recording a valuation allowance against the gross carrying value of the deferred tax assets to reduce the net recorded amount to the expected realizable amount. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. In evaluating the Company's ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations.

As of December 31, 2024, the Company has recognized a valuation allowance of \$21 million on certain identified deferred tax assets in the U.S. and non-U.S. jurisdictions where management believes that it is not more-likely-than-not that the Company would be able to realize the benefits of those specific deferred tax assets. The change during the year in the valuation allowance was a reduction of \$3 million in the U.S. and \$1 million in other foreign jurisdictions primarily due to substantially completing the liquidation of certain foreign subsidiaries. The Company will continue to monitor the need for a valuation allowance against its deferred tax assets and record adjustments as appropriate in future periods. See Note 10 "Income Taxes" of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) for additional information.

The Company records unrecognized tax benefits as liabilities in accordance with ASC 740 and adjusts these liabilities when judgment changes as a result of the evaluation of new information not previously available in jurisdictions of operation. The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) the Company determines whether it is more-likely-than-not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The annual tax provision includes the impact of income tax provisions and benefits for changes to liabilities that the Company considers appropriate, as well as related interest.

The Company is subject to audits by federal, state and foreign jurisdictions which may result in proposed assessments. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the unrecognized tax benefit liabilities. The Company reviews these liabilities quarterly and to the extent audits or other events result in an adjustment to the liability accrued for a prior year, the effect will be recognized in the period of the event.

As of December 31, 2024, the Company has an immaterial amount of undistributed foreign earnings that may be subject to taxation upon a future distribution. The Company has not recorded deferred income taxes on undistributed foreign earnings that it considers to be indefinitely reinvested. The Company makes a determination each period whether to indefinitely reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities may result, offset by any available foreign tax credits.

Recently Issued Accounting Standards

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40), which requires more detailed information related to types of expenses in commonly presented captions in income statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company will not early adopt, and is currently assessing the impact of ASU 2024-03 in its consolidated financial statements and its disclosures. The Company does not expect the adoption of this standard to have a material impact in its consolidated statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), which requires public companies to expand the income tax disclosures. The ASU requires entities to disclose more detailed information in their effective tax rate reconciliation and their cash taxes paid both in the U.S., state and foreign jurisdictions. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued. The Company will not early adopt, and is currently assessing the impact of ASU 2023-09 in its consolidated financial statements and in its disclosures. The Company does not expect the adoption of this standard to have a material impact in its consolidated statements.

Recently Adopted Accounting Standards

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280), which requires enhanced segment disclosures primarily focusing on significant segment expense disclosures for both interim and annual periods. On January 1, 2024, the Company adopted this standard using modified retrospective transition method. See Note 17 "Business Segments" of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that are inherent in our financial instruments and arise from changes in interest rates and foreign currency exchange rates. We may enter into derivative financial instrument transactions to manage or reduce market risk but do not enter into derivative financial instrument transactions for speculative purposes. We do not currently have any material outstanding derivative instruments. See Note 15 “Derivative Financial Instruments” of the Notes to Consolidated Financial Statements (Part IV, Item 15 of this Form 10-K) for additional information.

A discussion of our primary market risk exposure in financial instruments is presented below.

Foreign Currency Exchange Rate Risk

We have operations in foreign countries and transact business globally in multiple currencies. Our net assets as well as our revenues and costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. Because we operate globally and approximately one-fourth of our 2024 net sales were outside the U.S., foreign currency exchange rates can impact our financial position, results of operations and competitive position. We are a net receiver of foreign currencies, and therefore, benefit from a weakening of the U.S. dollar and are adversely affected by a strengthening of the U.S. dollar relative to the foreign currency. As of December 31, 2024, our most significant foreign currency exposure was to the Canadian dollar, followed by the British pound and the Australian dollar.

The financial statements of foreign subsidiaries are translated into their U.S. dollar equivalents at end-of-period exchange rates for assets and liabilities, while revenue, costs and expenses are translated at average monthly exchange rates. Translation gains and losses are components of other comprehensive income (loss) as reported in the consolidated statements of comprehensive income (loss). Upon complete or substantially complete liquidation of a foreign subsidiary, the accumulated foreign currency translation gains and losses relating to the foreign subsidiary are reclassified into earnings, reflected in impairment and other charges in the consolidated statements of operations. During 2024, we reported a net foreign currency translation loss of \$8 million, after the reclassification of accumulated foreign currency translation losses of approximately \$6 million related to the substantial liquidation of certain foreign subsidiaries.

Foreign currency exchange rate fluctuations generally do not materially affect our earnings since the functional currency is typically the local currency; however, our operations also have net assets not denominated in their functional currency, which exposes us to changes in foreign currency exchange rates that impact our net income as foreign currency transaction gains and losses. Foreign currency transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in the consolidated statements of operations as a component of other income (expense). For the years ended December 31, 2024, 2023 and 2022, we reported a net foreign currency transaction loss of \$1 million, \$1 million and \$2 million, respectively. Gains and losses are primarily due to exchange rate fluctuations related to monetary asset balances denominated in currencies other than the functional currency and fair value adjustments to economically hedged positions as a result of changes in foreign currency exchange rates.

Some of our revenues for our foreign operations are denominated in U.S. dollars, and therefore, changes in foreign currency exchange rates impact earnings to the extent that costs associated with those U.S. dollar revenues are denominated in the local currency. Similarly, some of our revenues for our foreign operations are denominated in foreign currencies, but have associated U.S. dollar costs, which also give rise to foreign currency exchange rate exposure. In order to mitigate those risks, we may utilize foreign currency forward contracts to better match the currency of the revenues and the associated costs. Although we may utilize foreign currency forward contracts to economically hedge certain foreign currency denominated balances or transactions, we do not currently hedge the net investments in our foreign operations. The counterparties to our forward contracts are major financial institutions. The credit ratings and concentration of risk of these financial institutions are monitored by us on a continuing basis. In the event that the counterparties fail to meet the terms of a foreign currency contract, our exposure is limited to the foreign currency rate differential.

The average foreign exchange rate for 2024 compared to the average for 2023 remained flat compared to the U.S. dollar based on the aggregated weighted average revenue of our foreign-currency denominated foreign operations. The Canadian dollar and Australian dollar decreased in relation to the U.S. dollar by 1% while the British pound increased in relation to the U.S. dollar by approximately 3%.

We utilized a sensitivity analysis to measure the potential impact on earnings based on a hypothetical 10% change in foreign currency rates. A 10% change from the levels experienced during 2024 of the U.S. dollar relative to foreign currencies that affected the Company would have resulted in \$1 million change in net income for 2024.

Commodity Steel Pricing

Our business is sensitive to steel prices, which can impact our product pricing, with steel tubular prices generally having the highest degree of sensitivity. While we cannot predict steel prices, we mitigate this risk by managing our inventory levels, including maintaining sufficient quantity on hand to meet demand, while limiting the risk of overstocking.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Attached hereto and a part of this report are financial statements and supplementary data listed in Item 15. “Exhibits, Financial Statement Schedules.”

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934, as amended (the Exchange Act of 1934), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. As of December 31, 2024, with the participation of management, our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer carried out an evaluation, pursuant to Rule 13a-15(b) of the Exchange Act of 1934, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act of 1934). Based upon that evaluation, our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were operating effectively as of December 31, 2024.

Management’s Annual Report on Internal Control Over Financial Reporting

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, management is required to provide the following report on our internal control over financial reporting:

- Management is responsible for establishing and maintaining adequate internal control over financial reporting.
- Management has evaluated the system of internal control using the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework (“COSO 2013 framework”). Management has selected the COSO 2013 framework for its evaluation as it is a control framework recognized by the SEC and the Public Company Accounting Oversight Board that is free from bias, permits reasonably consistent qualitative and quantitative measurement of our internal controls, is sufficiently complete so that relevant controls are not omitted and is relevant to an evaluation of internal controls over financial reporting.
- Based on management’s evaluation under this framework, management has concluded that our internal controls over financial reporting were effective as of December 31, 2024. There are no material weaknesses in our internal control over financial reporting that have been identified by management.
- In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting for a period not to exceed one year from the date of acquisition. During 2024, the Company completed the acquisitions of Whitco Supply, LLC and Trojan Rentals, LLC, which represented approximately 12.5% of our consolidated revenues for the year ended December 31, 2024 and 11.7% of consolidated assets as of December 31, 2024. For purposes of determining the effectiveness of the Company’s internal control over financial reporting, as disclosed in this report, management has excluded the internal controls of these acquired entities from its evaluation.

There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) of the Act, in the quarterly period ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than increasing certain evidential matter, including documentation, in support of business combinations.

Pursuant to section 302 of the Sarbanes-Oxley Act of 2002, our Chief Executive Officer and Chief Financial Officer have provided certain certifications to the Securities and Exchange Commission. These certifications are included herein as Exhibits 31.1 and 31.2.

The report from Ernst & Young LLP on its audit of the effectiveness of the Company's internal control over financial reporting as of December 31, 2024 is included in this annual report and is incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference to the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

Securities Authorized for Issuance Under Equity Compensation Plans.

The following table sets forth information as of our fiscal year ended December 31, 2024, with respect to compensation plans under which our common stock may be issued:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by security holders	1,888,025	\$ 11.16	6,434,283
Equity compensation plans not approved by security holders	—	—	—
Total	<u>1,888,025</u>	<u>\$ 11.16</u>	<u>6,434,283</u>

(1) Includes 836,747 shares of issuable performance-based awards if specific targets are met, and 149,732 shares of RSU which have no exercise price. Therefore these shares are excluded for purposes of determining the weighted-average exercise prices of outstanding options, warrants and rights.

(2) Includes 6,434,283 shares issuable pursuant to the 2024 Plan in the form of stock options, restricted awards, RSUs, performance stock awards, or any combination of the foregoing.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference to the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference to the definitive Proxy Statement for the 2025 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements and Exhibits

The following financial statements are presented in response to Part II, Item 8:

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Auditor Name: Ernst & Young LLP	
Auditor Location: Houston, Texas	
Auditor ID: 42	
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	A-52

(2) Financial Statement Schedule

All schedules are omitted because they are not applicable, not required or the information is included in the financial statements or notes thereto.

(3) Exhibits

- 3.1 [DNO Inc. Amended and Restated Certificate of Incorporation ^{\(6\)}](#)
- 3.2 [DNO Inc. Amended and Restated Bylaws ^{\(8\)}](#)
- 4.1 [Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities and Exchange Act of 1934](#)
- 10.1 [Form of Employment Agreement for Executive Officers ^{\(1\)}](#)
- 10.2 [NOW Inc. 2014 Incentive Compensation Plan ^{\(2\)}](#)
- 10.3 [Form of Nonqualified Stock Option Agreement ^{\(4\)}](#)
- 10.4 [Form of Restricted Stock Award Agreement \(3 year cliff vest\) ^{\(3\)}](#)
- 10.5 [Form of Performance Award Agreement ^{\(3\)}](#)
- 10.6 [Form of Amendment to Employment Agreement for Executive Officers ^{\(4\)}](#)
- 10.7 [Credit Agreement dated as of April 30, 2018, among the Borrowers, the lenders that are parties thereto and Wells Fargo Bank, National Association as administrative agent, an issuing lender and swing lender ^{\(5\)}](#)
- 10.8 [Employment Agreement between NOW Inc. and Chief Executive Officer David Cherechinsky ^{\(7\)}](#)
- 10.9 [Employment Agreement between NOW Inc. and Chief Financial Officer Mark Johnson ^{\(7\)}](#)
- 10.10 [First Amendment to Credit Agreement, and First Amendment to US Guaranty and Security Agreement, dated as of December 14, 2021, among the Borrowers, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, an issuing lender and swing lender ^{\(9\)}](#)
- 10.11 [First Amendment to Credit Agreement, and First Amendment to US Guaranty and Security Agreement, dated as of December 14, 2021, among the Borrowers, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, an issuing lender and swing lender ^{\(10\)}](#)
- 10.12 [Second Amendment to Credit Agreement, among the Borrowers, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, an issuing lender and swing lender ^{\(11\)}](#)
- 10.13 [DNO Inc. 2024 Omnibus Incentive Plan ^{\(12\)}](#)
- 19.1 [Policy on Insider Trading](#)
- 19.2 [Policy regarding Special Insider Trading Procedures](#)
- 21.1 [Subsidiaries of the Registrant](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm](#)
- 24.1 [Power of Attorney \(included on signature page hereto\)](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14a and Rule 15d-14\(a\) of the Securities and Exchange Act, as amended](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14a and Rule 15d-14\(a\) of the Securities and Exchange Act, as amended](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 97.1 [DNO Incentive Based Compensation Recoupment Policy](#)
- 101.INS Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

⁽¹⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on May 30, 2014

⁽²⁾ Filed as an Exhibit to our Amendment No. 1 to Form 10, as amended, Registration Statement filed on April 8, 2014

⁽³⁾ Filed as an Exhibit to our Quarterly Report on Form 10-Q filed on May 7, 2015

⁽⁴⁾ Filed as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2016

⁽⁵⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on May 1, 2018

⁽⁶⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on January 9, 2024

⁽⁷⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on June 2, 2020

⁽⁸⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on January 9, 2024

⁽⁹⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on December 17, 2021

⁽¹⁰⁾ Filed as an Exhibit to our Current Report on Form 8-K/A filed on February 4, 2022

⁽¹¹⁾ Filed as an Exhibit to our Current Report on Form 8-K filed on January 3, 2023

⁽¹²⁾ Filed as an Exhibit to Registration Statement on Form S-8 filed on May 24, 2024

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DNOW Inc.

Date: February 18, 2025

By: /s/ David A. Cherechinsky
David A. Cherechinsky
President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Each person whose signature appears below in so signing, constitutes and appoints David A. Cherechinsky and Mark B. Johnson, and each of them acting alone, his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments to this report, and in each case to file the same, with all exhibits thereto and other documents in connection therewith, and hereby ratifies and confirms all that said attorney-in-fact or his substitute or substitutes may do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David A. Cherechinsky</u> David A. Cherechinsky	President, Chief Executive Officer and Director	February 18, 2025
<u>/s/ Mark B. Johnson</u> Mark B. Johnson	Senior Vice President and Chief Financial Officer Principal Financial Officer and Principal Accounting Officer	February 18, 2025
<u>/s/ Richard J. Alario</u> Richard J. Alario	Chairman of the Board	February 18, 2025
<u>/s/ Terry Bonno</u> Terry Bonno	Director	February 18, 2025
<u>/s/ Galen Cobb</u> Galen Cobb	Director	February 18, 2025
<u>/s/ Paul Coppinger</u> Paul Coppinger	Director	February 18, 2025
<u>/s/ Karen David-Green</u> Karen David-Green	Director	February 18, 2025
<u>/s/ Rodney Eads</u> Rodney Eads	Director	February 18, 2025
<u>/s/ Sonya Reed</u> Sonya Reed	Director	February 18, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of DNOW Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DNOW Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that is material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Accounting for acquisitions

Description of the Matter

As described in Note 21 to the consolidated financial statements, the Company completed two acquisitions during 2024 for total consideration of \$299 million, net of cash acquired. The acquisitions have been accounted for using the acquisition method for recording business combinations.

Auditing the Company's accounting for the acquisitions was complex due to the significant estimations required by management to determine the fair value of certain identified intangible assets of \$42 million, principally consisting of customer relationships and trade names. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to underlying assumptions, including assumptions that are forward looking and could be affected by future economic and market conditions. The Company, with the assistance of a third-party valuation firm, used a multi-period excess earnings model to measure customer relationships and relief-from-royalty method to measure trade names. The significant assumptions used in these models included, among others, forecasted EBITDA margin, attrition rate, and royalty rate.

How We Addressed the Matter in Our Audit

To test the estimated fair values of the customer relationship and trade name intangible assets, we performed audit procedures that included, among others, evaluating the valuation methodologies and significant assumptions used by the Company, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For example, we performed audit procedures, assisted by

our valuation professionals, that included sensitivity analysis and compared the significant assumptions to current industry, market and economic trends, to the assumptions used to value similar assets in other acquisitions, to the historical results of the acquired businesses and to other guidelines companies within the same industry.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Houston, Texas

February 18, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of DNOW Inc.

Opinion on Internal Control Over Financial Reporting

We have audited DNOW Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, DNOW Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Whitco Supply, LLC and Trojan Rentals, LLC, which is included in the 2024 consolidated financial statements of the Company and, collectively, constituted 11.7% of assets as of December 31, 2024, and 12.5% of revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Whitco Supply, LLC and Trojan Rentals, LLC.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2024 consolidated financial statements of the Company and our report dated February 18, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Houston, Texas

February 18, 2025

DNOW INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 256	\$ 299
Receivables, net	388	384
Inventories, net	352	366
Prepaid and other current assets	32	19
Total current assets	1,028	1,068
Property, plant and equipment, net	157	131
Deferred income taxes	93	118
Goodwill	230	139
Intangibles, net	65	28
Other assets	48	45
Total assets	<u>\$ 1,621</u>	<u>\$ 1,529</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 300	\$ 288
Accrued liabilities	130	120
Other current liabilities	12	10
Total current liabilities	442	418
Long-term operating lease liabilities	29	30
Other long-term liabilities	22	18
Total liabilities	493	466
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - par value \$0.01; 20 million shares authorized; no shares issued and outstanding	—	—
Common stock - par value \$0.01; 330 million shares authorized; 105,652,963 and 106,257,565 shares issued and outstanding at December 31, 2024 and 2023, respectively	1	1
Additional paid-in capital	2,023	2,032
Accumulated deficit	(747)	(828)
Accumulated other comprehensive loss	(153)	(145)
DNOW Inc. stockholders' equity	1,124	1,060
Noncontrolling interest	4	3
Total stockholders' equity	1,128	1,063
Total liabilities and stockholders' equity	<u>\$ 1,621</u>	<u>\$ 1,529</u>

See notes to consolidated financial statements.

DNOW INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 2,373	\$ 2,321	\$ 2,136
Operating expenses:			
Cost of products	1,838	1,786	1,630
Warehousing, selling and administrative	416	395	365
Impairment and other charges	6	—	10
Operating profit	113	140	131
Other income (expense)	1	(2)	8
Income before income taxes	114	138	139
Income tax provision (benefit)	32	(110)	10
Net income	82	248	129
Net income attributable to noncontrolling interest	1	1	1
Net income attributable to DNOW Inc.	<u>\$ 81</u>	<u>\$ 247</u>	<u>\$ 128</u>
Earnings per share attributable to DNOW Inc. stockholders:			
Basic	<u>\$ 0.75</u>	<u>\$ 2.26</u>	<u>\$ 1.14</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 2.24</u>	<u>\$ 1.13</u>
Weighted-average common shares outstanding, basic	<u>106</u>	<u>107</u>	<u>111</u>
Weighted-average common shares outstanding, diluted	<u>107</u>	<u>108</u>	<u>111</u>

See notes to consolidated financial statements.

DNOW INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 82	\$ 248	\$ 129
Other comprehensive income:			
Foreign currency translation adjustments	(8)	5	(3)
Comprehensive income	74	253	126
Comprehensive income attributable to noncontrolling interest	1	1	1
Comprehensive income attributable to DNOW Inc.	<u>\$ 73</u>	<u>\$ 252</u>	<u>\$ 125</u>

See notes to consolidated financial statements.

DNOW INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 82	\$ 248	\$ 129
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	34	26	19
Provision for inventory	5	9	6
Impairment and other charges	6	—	10
Stock-based compensation	13	15	11
Deferred income taxes	25	(119)	1
Other, net	14	18	4
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Receivables	81	16	(95)
Inventories	80	12	(138)
Prepaid and other current assets	(8)	7	(10)
Accounts payable, accrued liabilities and other, net	(34)	(44)	63
Net cash provided by (used in) operating activities	298	188	—
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(299)	(32)	(80)
Purchases of property, plant and equipment	(9)	(17)	(9)
Other, net	4	1	2
Net cash provided by (used in) investing activities	(304)	(48)	(87)
Cash flows from financing activities:			
Repurchases of common stock	(23)	(50)	(7)
Payments relating to finance leases and other, net	(10)	(5)	(3)
Net cash provided by (used in) financing activities	(33)	(55)	(10)
Effect of exchange rates on cash and cash equivalents	(4)	2	(4)
Net change in cash and cash equivalents	(43)	87	(101)
Cash and cash equivalents, beginning of period	299	212	313
Cash and cash equivalents, end of period	\$ 256	\$ 299	\$ 212
Supplemental disclosures of cash flow information:			
Income taxes paid, net	\$ 6	\$ 10	\$ 11
Non-cash investing and financing activities:			
Accrued purchases of property, plant and equipment	\$ 1	\$ 1	\$ 1

See notes to consolidated financial statements.

DNOW INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Attributable to DNOW Inc. Stockholders							Total Stockholders' Equity
	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Accum. Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interest	
	Shares Outstanding	Common Stock						
December 31, 2021	111	\$ 1	\$ 2,060	\$ (1,203)	\$ (147)	\$ —	\$ 1	\$ 712
Net income	—	—	—	128	—	—	1	129
Common stock repurchased	—	—	—	—	—	(7)	—	(7)
Common stock retired	(1)	—	(7)	—	—	7	—	—
Stock-based compensation	—	—	11	—	—	—	—	11
Exercise of stock options	—	—	2	—	—	—	—	2
Other comprehensive loss	—	—	—	—	(3)	—	—	(3)
December 31, 2022	<u>110</u>	<u>\$ 1</u>	<u>\$ 2,066</u>	<u>\$ (1,075)</u>	<u>\$ (150)</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 844</u>
Net income	—	—	—	247	—	—	1	248
Common stock repurchased	—	—	—	—	—	(50)	—	(50)
Common stock retired	(4)	—	(50)	—	—	50	—	—
Stock-based compensation	—	—	15	—	—	—	—	15
Exercise of stock options	—	—	2	—	—	—	—	2
Shares withheld for taxes	—	—	(1)	—	—	—	—	(1)
Other comprehensive income	—	—	—	—	5	—	—	5
December 31, 2023	<u>106</u>	<u>\$ 1</u>	<u>\$ 2,032</u>	<u>\$ (828)</u>	<u>\$ (145)</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 1,063</u>
Net income	—	—	—	81	—	—	1	82
Common stock repurchased	—	—	—	—	—	(23)	—	(23)
Common stock retired	(2)	—	(23)	—	—	23	—	—
Stock-based compensation	—	—	13	—	—	—	—	13
Exercise of stock options	1	—	5	—	—	—	—	5
Vesting of restricted stock	1	—	—	—	—	—	—	—
Shares withheld for taxes	—	—	(4)	—	—	—	—	(4)
Other comprehensive loss	—	—	—	—	(8)	—	—	(8)
December 31, 2024	<u>106</u>	<u>\$ 1</u>	<u>\$ 2,023</u>	<u>\$ (747)</u>	<u>\$ (153)</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 1,128</u>

See notes to consolidated financial statements.

DNOW INC.
Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Nature of Operations

DNOW Inc., (“DNOW” or the “Company”), is a holding company headquartered in Houston, Texas that was incorporated in Delaware on November 22, 2013. We operate primarily under the DNOW brand along with several affiliated brands operating in local, regional or international markets that are tied to prior acquisitions. DNOW is a distributor of energy and industrial products through its 165 locations in the United States (“U.S.”), Canada and select international locations which are geographically positioned to serve the energy and industrial markets. Additionally, through the Company’s DigitalNOW® platform, customers can leverage technology across applications to solve a wide array of complex operational and product sourcing challenges to assist in maximizing their return on assets.

The Company’s product and service offerings are consumed throughout the energy industry – from upstream drilling and completion, exploration and production, midstream transmission, gas and crude oil processing infrastructure development to downstream petroleum refining and petrochemicals – as well as in other industries, such as chemical processing, mining, water/wastewater, food and beverage, gas utilities and the evolution of energy transition markets inclusive of greenhouse gas reduction and emissions capture and storage, renewable fuels such as biofuels and renewable natural gas, wind, solar, production of hydrogen as a fuel to power equipment and select industrial markets. The energy and industrial distribution end markets we serve are inclusive of engineering and construction firms that perform capital and maintenance projects for their clients. DNOW also provides supply chain and materials management solutions to the same markets where the Company sells products. DNOW’s supplier network consists of thousands of vendors in approximately 30 countries.

Basis of Presentation

The accompanying consolidated financial information include the accounts of the Company and its consolidated subsidiaries. All significant intercompany transactions and accounts have been eliminated. Variable interest entities for which the Company is the primary beneficiary are fully consolidated with the equity held by the outside stockholders and their portion of net income (loss) reflected as noncontrolling interest in the accompanying consolidated financial statements.

Recently Issued Accounting Standards

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40), which requires more detailed information related to types of expenses in commonly presented captions in income statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company will not early adopt, and is currently assessing the impact of ASU 2024-03 in its consolidated financial statements and its disclosures. The Company does not expect the adoption of this standard to have a material impact in its consolidated statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), which requires public companies to expand the income tax disclosures. The ASU requires entities to disclose more detailed information in their effective tax rate reconciliation and their cash taxes paid both in the U.S., state and foreign jurisdictions. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued. The Company will not early adopt, and is currently assessing the impact of ASU 2023-09 in its consolidated financial statements and in its disclosures. The Company does not expect the adoption of this standard to have a material impact in its consolidated statements.

Recently Adopted Accounting Standards

In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280), which requires enhanced segment disclosures primarily focusing on significant segment expense disclosures for both interim and annual periods. On January 1, 2024, the Company adopted this standard using modified retrospective transition method. See Note 17 “Business Segments” for additional information.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with maturities of three months or less at the date of purchase.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and payables approximated fair value because of the relatively short maturity of these instruments. See Note 15 “Derivative Financial Instruments” for the fair value of derivative financial instruments.

Inventories

Inventories consist primarily of oilfield and industrial finished goods and work in process. Work in process primarily consists of inventory and labor related to customer specific engineered equipment. Finished goods are stated at the lower of cost or net realizable value and using average cost methods. Allowances for excess and obsolete inventories are determined based on the Company’s historical usage of inventory on hand as well as its future expectations. As of December 31, 2024 and 2023, the Company reported inventory of \$352 million and \$366 million, respectively (net of inventory reserves of \$17 million and \$21 million, respectively).

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Expenditures for major improvements that extend the lives of property, plant and equipment are capitalized while minor replacements, maintenance and repairs are charged to expense as incurred. Disposals are removed at cost less accumulated depreciation with any resulting gain or loss reflected in the results of operations for the respective period. Depreciation is provided using the straight-line method over the estimated useful lives of individual items.

Long-Lived Assets, Including Goodwill and Other Acquired Intangible Assets

Long-lived assets other than goodwill include property, plant and equipment, operating right-of-use (“ROU”) assets and intangible assets. The Company evaluates the recoverability of long-lived assets other than goodwill for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of long-lived assets other than goodwill is not recoverable, the carrying amount of such assets is reduced to fair value.

In addition to the recoverability assessment, the Company routinely reviews the remaining estimated useful lives of long-lived assets other than goodwill. If the Company changes the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life.

The Company performs goodwill impairment testing annually in the fourth quarter of each fiscal year and more frequently on an interim basis when events or circumstances indicate that an impairment may exist. The Company uses either a qualitative assessment or a quantitative assessment. If the qualitative assessment indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. Events or circumstances which could indicate a potential impairment include, but are not limited to, a significant reduction in worldwide oil and gas prices or drilling; a significant reduction in profitability or cash flow of oil and gas companies or drilling contractors; a significant reduction in worldwide well completion and remediation activity; a significant reduction in capital investment by other oilfield service companies; or a significant increase in worldwide inventories of oil or gas.

The Company evaluates goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below that constitutes a business for which financial information is available and is regularly reviewed by management. The Company currently has four reporting units for this purpose – U.S. Energy Centers, U.S. Process Solutions, Canada and International. The Company tests goodwill for impairment by comparing the fair value of a reporting unit to its carrying value. If the carrying amount exceeds the fair value of a reporting unit, an impairment loss is recognized in an amount equal to that excess, but not to exceed the total amount of goodwill allocated to that reporting unit.

The Company determines the fair value of both goodwill and other long-lived assets primarily using the discounted cash flow method and in the case of goodwill, a multiples-based market approach for comparable companies when applicable. The starting point for each reporting unit’s projected cash flow from operations is the detailed annual plan or updated forecast. The detailed planning and forecasting process takes into consideration a multitude of factors including worldwide rig activity, inflationary forces, pricing strategies, customer analysis, operational issues, competitor analysis, capital spending requirements, working capital requirements and customer needs among other items which impact the individual reporting unit projections. Cash flows beyond the specific operating plans were estimated using a terminal value calculation, which incorporated historical and forecasted financial cyclical trends for each reporting unit and also considered long-term earnings growth rates. The financial and credit market volatility impacts the fair value measurement by adjusting the discount rate. When a quantitative test is performed, the Company utilizes third-party valuation advisors to assist with these valuations. These analyses include significant judgments as mentioned above, including management’s short-term and long-term forecast of operating performance, discount rates based on the weighted average cost of capital, revenue growth rates, profitability margins, the timing of future cash flows, and in the case of long-lived assets, the remaining useful life and service potential of the asset, all of which are considered level 3 inputs under the fair value hierarchy when a quantitative test is performed.

Foreign Currency

The functional currency for most of the Company's foreign operations is the local currency. Certain foreign operations use the U.S. dollar as the functional currency. For those that have local currency as functional the cumulative effects of translating the balance sheet accounts from the functional currency into the U.S. dollar at current exchange rates are included in accumulated other comprehensive income (loss). Revenues and expenses are translated at average exchange rates in effect during the period. Upon complete or substantially complete liquidation of a foreign subsidiary, the accumulated foreign currency translation gains and losses relating to the foreign subsidiary are reclassified into earnings, and reflected in impairment and other charges in the consolidated statements of operations. See Note 16 "Accumulated Other Comprehensive Income (Loss)" for additional information.

Accordingly, financial statements of these foreign subsidiaries are remeasured to U.S. dollars for consolidation purposes using current rates of exchange for monetary assets and liabilities and historical rates of exchange for nonmonetary assets and related elements of expense. Revenue and expense elements are remeasured at rates that approximate the rates in effect on the transaction dates. For all operations, gains or losses from remeasuring foreign currency transactions into the reporting currency are included in other income (expense). Net foreign currency transactions were a loss of \$1 million, \$1 million and \$2 million for the years ended December 31, 2024, 2023 and 2022, respectively, and were included in other income (expense) in the accompanying consolidated statements of operations.

Revenue Recognition

The Company's primary source of revenue is the sale of energy products and an extensive selection of products for industrial applications based upon purchase orders or contracts with customers. Substantially all of the Company's revenue is recognized at a point in time once the Company has determined that the customer has obtained control over the product. Control is typically deemed to have been transferred to the customer when the product is shipped, delivered or picked up by the customer. The Company does not grant extended payment terms. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to proper government authorities. Shipping and handling costs for product shipments occur prior to the customer obtaining control of the goods and are recorded in cost of products.

The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for products sold. Revenue is recorded at the transaction price net of estimates of variable consideration, which may include product returns, trade discounts and allowances. The Company accrues for variable consideration using the expected value method. Estimates of variable consideration are included in revenue to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Cost of Products

Cost of products includes the cost of inventory sold and related items, such as vendor consideration, inventory allowances, amortization of intangibles and inbound and outbound freight.

Warehousing, Selling and Administrative Expenses

Warehousing, selling and administrative expenses include branch location, supercenter and regional expenses (including costs such as compensation, benefits and rent) as well as depreciation and corporate general selling and administrative expenses.

Income Taxes

The liability method is used to account for income taxes. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts which are more-likely-than-not to be realized.

Concentration of Credit Risk

The Company grants credit to its customers, which operate primarily in the energy, industrial and manufacturing markets. Concentrations of credit risk are limited because the Company has a large number of geographically diverse customers, thus spreading trade credit risk. The Company controls credit risk through credit evaluations, credit limits and monitoring procedures. The Company performs periodic credit evaluations of its customers' financial condition and, generally, does not require collateral but may require letters of credit or prepayments for certain sales. Allowance for credit losses is estimated based on an evaluation of accounts receivable aging, and the related historical loss experience, as adjusted for current and expected future market conditions that are reasonably available. Judgments in the estimate of allowance for credit losses include global economic and business conditions, oil and gas industry and market conditions, customer's financial conditions and accounts receivable past due. Balances that remain outstanding after the Company has used reasonable collection efforts are written off. As of December 31, 2024, the Company had one customer in the U.S. segment that represented approximately 10% of total revenues.

Stock-Based Compensation

Compensation expense for the Company's stock-based compensation plans is measured using the fair value method required by Accounting Standards Codification ("ASC") Topic 718 "Compensation—Stock Compensation". Under this guidance the fair value of the award is measured on the grant date and amortized to expense using the straight-line method over the shorter of the vesting period or the remaining requisite service period. Forfeitures are recognized as they occur.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported and contingent amounts of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company periodically evaluates its estimates and judgments that are most critical in nature, which are related to allowance for credit losses, inventory reserves, impairment of goodwill and other long-lived assets, purchase price allocation of acquisitions, stock-based compensation and income taxes. On an ongoing basis, the Company evaluates such estimates by comparing to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Contingencies

The Company accrues for costs relating to litigation claims and other contingent matters, when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Revisions to contingent liabilities are reflected in income in the period in which different facts or information become known or circumstances change that affect the Company's previous judgments with respect to the likelihood or amount of loss. Amounts paid upon the ultimate resolution of contingent liabilities may be materially different from previous estimates and could require adjustments to the estimated reserves to be recognized in the period such new information becomes known.

In circumstances where the most likely outcome of a contingency can be reasonably estimated, the Company accrues a liability for that amount. Where the most likely outcome cannot be estimated, a range of potential losses is established, and, if no one amount in that range is more likely than others, the low end of the range is accrued.

3. Revenue

Remaining Performance Obligations

Remaining performance obligations represent the transaction price of firm orders for which work has not been performed on contracts with an original expected duration of more than one year. The Company's contracts are predominantly short-term in nature with a contract term of one year or less. For those contracts, the Company has utilized the practical expedient in ASC Topic 606 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations when the performance obligation is part of a contract that has an original expected duration of one year or less.

Receivables

Receivables are recorded when the Company has an unconditional right to consideration.

Contract Assets and Liabilities

Contract assets primarily consist of retainage amounts held as a form of security by customers until the Company satisfies its remaining performance obligations. As of December 31, 2024 and 2023, contracts assets were approximately \$1 million and less than \$1 million, respectively, and were included in receivables, net in the consolidated balance sheets. The Company generally accounts for the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have been recognized is one year or less; however, these expenses are not material.

Contract liabilities primarily consist of deferred revenues recorded when customer payments are received or due in advance of satisfying performance obligations, including amounts which are refundable, and other accrued customer liabilities. Revenue recognition is deferred to a future period until the Company completes its obligations contractually agreed with customers. As of December 31, 2024 and 2023, contract liabilities were \$31 million and \$28 million, respectively, and were included in accrued liabilities in the consolidated balance sheets. The increase in contract liabilities for the year ended December 31, 2024, was primarily related to net current year customer deposits of approximately \$24 million, partially offset by recognizing revenue of approximately \$21 million, that was deferred as of December 31, 2023.

See Note 17 "Business Segments" for the disaggregation of revenue by reporting segments. The Company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4. Receivables, net

Receivables are recorded and carried at the original invoiced amount less an allowance for credit losses.

Activity in the allowance for credit losses was as follows (*in millions*):

	December 31,		
	2024	2023	2022
Allowance for credit losses			
Beginning balance	\$ 26	\$ 25	\$ 25
Additions (deductions) charged to expenses	(2)	2	2
Charge-offs and other	(9)	(1)	(2)
Ending balance	<u>\$ 15</u>	<u>\$ 26</u>	<u>\$ 25</u>

5. Inventories, net

Inventories consist primarily of (*in millions*):

	December 31,	
	2024	2023
Work in process	\$ 17	\$ 33
Finished goods and other	352	354
Total inventory	369	387
Less: Inventory reserves	(17)	(21)
Inventories, net	<u>\$ 352</u>	<u>\$ 366</u>

6. Property, Plant and Equipment, net

Property, plant and equipment consist of (*in millions*):

	Estimated Useful Lives	December 31,	
		2024	2023
Information technology assets	1-7 Years	\$ 45	\$ 46
Operating equipment ⁽¹⁾	2-15 Years	152	126
Buildings and land ⁽²⁾	5-35 Years	100	97
Finance lease ROU assets	2-7 Years	46	38
Construction in progress		3	2
Total property, plant and equipment		346	309
Less: accumulated depreciation		(189)	(178)
Property, plant and equipment, net		<u>\$ 157</u>	<u>\$ 131</u>

(1) Includes rental equipment of \$92 million and \$66 million as of December 31, 2024, and 2023, respectively.

(2) Land has an indefinite life.

Depreciation expense was \$27 million, \$21 million and \$17 million for the years ended December 31, 2024, 2023 and 2022, respectively.

7. Accrued Liabilities

Accrued liabilities consist of (*in millions*):

	December 31,	
	2024	2023
Compensation and other related expenses	\$ 33	\$ 38
Contract liabilities	31	28
Taxes (non-income)	15	15
Current portion of operating lease liabilities	13	11
Other	38	28
Total	<u>\$ 130</u>	<u>\$ 120</u>

8. Goodwill

Goodwill is identified by segment as follows (*in millions*):

	United States	Canada	International	Total
Balance at December 31, 2022 ⁽¹⁾	\$ 116	\$ —	\$ —	\$ 116
Additions	23	—	—	23
Balance at December 31, 2023	\$ 139	\$ —	\$ —	\$ 139
Additions	91	—	—	91
Balance at December 31, 2024	\$ 230	\$ —	\$ —	\$ 230

⁽¹⁾ Net of prior years accumulated impairment of \$518 million, \$87 million and \$99 million in the U.S., Canada and International segments, respectively.

During the fourth quarter of 2024, 2023 and 2022, the Company performed its annual goodwill impairment assessment using a qualitative assessment that did not indicate a more detailed quantitative analysis was necessary. This assessment evaluated changes in macroeconomic conditions, overall industry and market considerations and company-specific business metrics, performance and events. See Note 21 “Acquisitions” for additional information.

9. Intangibles, net

Identified intangible assets with determinable lives consist primarily of customer relationships, trademarks, trade names and patents acquired in acquisitions, and are being amortized on a straight-line basis over the estimated useful lives. Intangible assets that are fully amortized are removed from the disclosures. See Note 21 “Acquisitions” for additional information.

No impairment for intangible assets was recognized for the years ended December 31, 2024, 2023 and 2022.

Identified intangible assets by major classification consist of the following (*in millions*):

	Gross	Accumulated Amortization	Net Book Value
December 31, 2024:			
Trade names and patents	\$ 22	\$ (2)	\$ 20
Customer relationships	52	(8)	44
Other	4	(3)	1
Total identified intangibles	\$ 78	\$ (13)	\$ 65
December 31, 2023:			
Trade names and patents	\$ 2	\$ (1)	\$ 1
Customer relationships	29	(4)	25
Other	4	(2)	2
Total identified intangibles	\$ 35	\$ (7)	\$ 28

Amortization expense was \$7 million, \$5 million and \$2 million for the years ended December 31, 2024, 2023, and 2022, respectively. The following table represents the total estimated amortization of intangible assets for the five succeeding years (*in millions*):

For the Year Ending December 31,	Estimated Amortization Expense
2025	\$ 8
2026	7
2027	7
2028	7
2029	7

10. Income Taxes

The domestic and foreign components of income before income taxes were as follows (*in millions*):

	Year Ended December 31,		
	2024	2023	2022
United States	\$ 97	\$ 106	\$ 108
Foreign	17	32	31
Income before income taxes	<u>\$ 114</u>	<u>\$ 138</u>	<u>\$ 139</u>

The provision (benefit) for income taxes for 2024, 2023 and 2022 consisted of the following (*in millions*):

	Year Ended December 31,		
	2024	2023	2022
U.S. Federal:			
Current	\$ —	\$ —	\$ —
Deferred	22	(99)	—
	<u>22</u>	<u>(99)</u>	<u>—</u>
U.S. State:			
Current	1	1	—
Deferred	2	(15)	—
	<u>3</u>	<u>(14)</u>	<u>—</u>
Foreign:			
Current	6	8	9
Deferred	1	(5)	1
	<u>7</u>	<u>3</u>	<u>10</u>
Income tax provision (benefit)	<u>\$ 32</u>	<u>\$ (110)</u>	<u>\$ 10</u>

The reconciliation between the Company's effective tax rate on income from continuing operations and the statutory tax rate is as follows (*in millions*):

	Year Ended December 31,		
	2024	2023	2022
Income tax provision at federal statutory rate	\$ 24	\$ 29	\$ 29
Foreign tax rate differential	1	1	1
State income tax provision, net of federal benefit	3	4	4
Nondeductible expenses	4	2	2
Currency translation losses	1	—	2
Capital loss carryforward	—	—	(2)
Foreign tax credits	2	—	—
Change in valuation allowance	(4)	(148)	(28)
Other	1	2	2
Income tax provision (benefit)	<u>\$ 32</u>	<u>\$ (110)</u>	<u>\$ 10</u>
Effective tax rate	28.1%	(79.7)%	7.2%

In general, the effective tax rate differs from the U.S. statutory rate due to recurring items, such as differing tax rates on income earned in foreign jurisdictions, nondeductible expenses and state income taxes. For the year ended December 31, 2024, the effective tax rate was also impacted by foreign currency translation losses and other charges incurred as a result of substantially completing the liquidation of certain foreign subsidiaries with no associated tax benefit, foreign tax credits expiring unused in the period, and the change in valuation allowance recorded against deferred tax assets. For the year ended December 31, 2023, the effective tax rate was primarily driven by a \$148 million deferred tax benefit from the release of the valuation allowance against certain U.S. and non-U.S. deferred tax assets and the recognition of tax expense from earnings in Canada and the United Kingdom. For the year ended December 31, 2022, the effective tax rate was primarily driven by the recognition of tax expense from earnings in Canada offset by current year realization of deferred tax assets and corresponding release of valuation allowance in the U.S., as well as impairment charges incurred as a result of substantially completing the liquidation of certain foreign subsidiaries with no associated tax benefit.

Significant components of the Company's deferred tax assets and liabilities were as follows (*in millions*):

	December 31,		
	2024	2023	2022
Deferred tax assets:			
Allowances and operating liabilities	\$ 6	\$ 6	\$ 6
Net operating loss carryforwards	43	58	76
Foreign tax credit carryforwards	6	7	7
Allowance for credit losses	3	5	5
Inventory reserve	8	8	9
Stock-based compensation	3	4	5
Intangible assets	27	36	45
Capital loss carryforward	11	12	12
Tax over book basis in depreciable assets	3	4	4
Lease liabilities	15	15	11
Other	3	2	3
Total deferred tax assets	<u>128</u>	<u>157</u>	<u>183</u>
Deferred tax liabilities:			
ROU assets	(14)	(14)	(10)
Other	—	—	(1)
Total deferred tax liabilities	<u>(14)</u>	<u>(14)</u>	<u>(11)</u>
Net deferred tax assets before valuation allowance	114	143	172
Valuation allowance	(21)	(25)	(173)
Net deferred tax assets (liabilities)	<u>\$ 93</u>	<u>\$ 118</u>	<u>\$ (1)</u>

The Company records a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. If the Company was to determine that it would be able to realize the deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

The Company performs a detailed analysis of all available evidence, both positive and negative, for each quarterly financial reporting period to assess the realizability of its deferred tax assets. The Company considers its recent pre-tax earnings, realization of deferred tax assets, sources and character of future taxable income, scheduled reversals of deferred tax liabilities, and tax planning strategies, if available, in assessing the need for a valuation allowance. In projecting future taxable income, the Company begins with historical results adjusted for the results of discontinued operations and incorporates assumptions about the amount of future state, federal and foreign pre-tax operating income adjusted for items that do not have tax consequences.

As of December 31, 2024, the Company recognized a valuation allowance of \$21 million on certain identified deferred tax assets in the U.S. and non-U.S. jurisdictions where management believes that it is not more-likely-than-not that the Company will be able to realize the benefits of those specific deferred tax assets. The total change during the year in the valuation allowance was a reduction of \$4 million. The valuation allowance against U.S. deferred tax assets was reduced by \$3 million due to utilization of capital loss carryforwards and expiration of foreign tax credits. The valuation allowance against deferred tax assets in other foreign jurisdictions was reduced by \$1 million primarily due to substantially completing the liquidation of certain foreign subsidiaries. The Company will continue to monitor the need for a valuation allowance against its deferred tax assets and record adjustments as appropriate in future periods.

During the fourth quarter of 2023, the Company evaluated all positive and negative evidence in line with the assumptions and judgments described above, noting that the Company had demonstrated indicators of realizability including a sustained recent earnings history, recent realization of deferred tax assets, and expectations of future taxable income (exclusive of reversing temporary differences). The Company believed that sufficient positive evidence existed as of December 31, 2023, to conclude that it was more-likely-than-not that the Company will realize substantially all of the Company's deferred tax assets. As such, the Company released the majority of its valuation allowance, recognizing a non-cash deferred tax benefit in the fourth quarter of 2023 of \$126 million. The total change during the year in the valuation allowance was \$142 million in the U.S., \$3 million in Canada and \$3 million in other foreign jurisdictions.

There are no uncertain tax positions as of any of the periods presented. To the extent penalties and interest would be assessed on any underpayment of income tax, such accrued amounts are classified as a component of income tax provision (benefit) in the financial

statements consistent with the Company's policy. For the year ended December 31, 2024, the Company did not record any income tax expense for interest and penalties related to uncertain tax positions.

The Company is subject to taxation in the U.S., various states and foreign jurisdictions. The Company has significant operations in the U.S. and Canada and to a lesser extent in various other international jurisdictions. Tax years that remain subject to examination vary by legal entity but are generally open in the U.S. for the tax years ending after 2020 and outside the U.S. for the tax years ending after 2018.

In the U.S., the Company has \$162 million of federal net operating loss carryforwards as of December 31, 2024, of which \$15 million will expire in 2037 and \$147 million have no expiration. The Company recorded a deferred tax asset of \$34 million for the U.S. federal net operating loss carryforwards. The Company has \$123 million of state net operating loss carryforwards as of December 31, 2024, with the majority either expiring after 2034 or have no expiration. The Company recorded a deferred tax asset of \$6 million for the U.S. state net operating loss carryforwards. Outside the U.S., the Company has \$15 million of net operating loss carryforwards as of December 31, 2024, of which \$6 million will expire between 2027 and 2036 and \$9 million have no expiration. The potential tax benefit of \$3 million for non-U.S. net operating loss carryforwards has been reduced by a \$3 million valuation allowance. As of December 31, 2024, the Company has \$6 million of excess foreign tax credits in the U.S. The foreign tax credits will expire between 2025 and 2027. The potential tax benefit of \$6 million for foreign tax credits has been reduced by a \$6 million valuation allowance. In the event the Company ultimately realizes the benefit of these net operating loss carryforwards and foreign tax credits, future income tax payments will also be reduced.

As of December 31, 2024, the Company has an immaterial amount of undistributed foreign earnings that may be subject to taxation upon a future distribution. The Company has not recorded deferred income taxes on undistributed foreign earnings that it considers to be indefinitely reinvested. The Company makes a determination each period whether to indefinitely reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities may result, offset by any available foreign tax credits. The Company has not recorded deferred income taxes on other outside basis differences inherent in the Company's foreign subsidiaries that it considers to be indefinitely reinvested, as such determination is not practicable.

Because of the number of tax jurisdictions in which the Company operates, its effective tax rate can fluctuate as operations and the local country tax rates fluctuate. The Company is also subject to audits by federal, state and foreign jurisdictions which may result in proposed assessments. The Company's future tax provision will reflect any favorable or unfavorable adjustments to its estimated tax liabilities when resolved. The Company is unable to predict the outcome of these matters. However, the Company believes that none of these matters will have a material adverse effect on the results of operations or financial position of the Company.

11. Debt

On December 29, 2022, the Company entered into a second amendment to its existing senior secured revolving credit facility with a syndicate of lenders with Wells Fargo Bank, National Association, serving as the administrative agent (as amended, the "Credit Facility"). The second amendment amends certain terms, provisions and covenants of the Credit Facility, including, among other things: (i) replaces London Interbank Offered Rate ("LIBOR") with Secured Overnight Financing Rate ("SOFR") as the interest rate benchmark with the existing applicable margin plus a credit spread adjustment of 0.10% per annum; (ii) modifies certain reporting obligations with respect to the Company's share repurchase program; and (iii) increases the sublimit for U.S. letters of credit to \$20 million.

The Credit Facility provides for a \$500 million global revolving credit facility, of which up to \$50 million is available for the Company's Canadian subsidiaries. The Company has the right, subject to certain conditions, to increase the aggregate principal amount of commitments under the credit facility by \$250 million. The Credit Facility also provides a letter of credit sub-facility of \$25 million. The obligations under the Credit Facility are secured by substantially all the assets of the Company and its subsidiaries. The Credit Facility matures on December 14, 2026 and contains customary covenants, representations and warranties and events of default. The Company will be required to maintain a fixed charge coverage ratio (as defined in the Credit Facility) of at least 1.00:1.00 as of the end of each fiscal quarter if excess availability under the Credit Facility falls below the greater of 10% of the borrowing base or \$40 million.

Borrowings under the Credit Facility will bear an interest rate at the Company's option, (i) for borrowings denominated in U.S. dollars, at (a) the base rate plus the applicable margin or (b) adjusted term SOFR for the applicable interest period, plus the applicable margin and (ii) for borrowings denominated in Canadian dollars, the Canadian Dollar Offered Rate plus the applicable margin. In each case, with such applicable margin being based on the Company's fixed charge coverage ratio. The Credit Facility includes a commitment fee on the unused portion of commitments that ranges from 25 to 37.5 basis points. Commitment fees incurred during the period were included in other income (expense) in the consolidated statements of operations.

Availability under the Credit Facility is determined by a borrowing base comprised of eligible receivables, eligible inventory and certain cash deposits in the U.S. and Canada. As of December 31, 2024, the Company had no borrowings against the Credit Facility and approximately \$433 million in availability (as defined in the Credit Facility) resulting in the excess availability (as defined in the Credit Facility) of 99% subject to certain limitations. The Company is not obligated to pay back borrowings against the current Credit Facility until the maturity date of the Credit Facility.

The Company issued \$5 million in letters of credit under the Credit Facility primarily for casualty insurance expiring in June 2025.

12. Stockholders' Equity

Share Repurchase Program

On August 3, 2022, the Company's Board of Directors approved a share repurchase program, under which the Company is authorized to purchase up to \$80 million of its outstanding common stock through December 31, 2024. The Company has fully utilized this \$80 million repurchase program as of December 31, 2024. On January 24, 2025, the Company's Board of Directors authorized a new share repurchase program to purchase up to \$160 million of its outstanding common stock. The Company may from time to time repurchase common stock through various methods, including, but not limited to, open market, privately negotiated transaction, or by other means which comply with applicable state and federal securities laws. The amount and timing of any repurchase will depend on several factors, including share price, general business and market conditions, and alternative investment opportunities. The share repurchase program does not obligate the Company to repurchase shares and may be suspended or discontinued at any time at the Company's discretion. All shares repurchased shall be retired pursuant to the terms of the share repurchase program. Depending on the timing of the retirement and cash settlement of the repurchased shares, the Company could have shares held in treasury stock until settled. Share repurchases made after December 31, 2022, are subject to a 1% excise tax, as enacted under the Inflation Reduction Act of 2022. The impact of this 1% excise tax was less than \$1 million for the years ended December 31, 2024 and 2023.

Information regarding the shares repurchased was as follows:

	Year Ended December 31,		
	2024	2023	2022
Total cost of shares repurchased (<i>in millions</i>)	\$ 23	\$ 50	\$ 7
Average price per share ⁽¹⁾	\$ 13.12	\$ 10.77	\$ 10.82
Number of shares repurchased	1,823,249	4,547,694	653,819

⁽¹⁾ Excludes 1% excise tax on shares repurchased in 2024 and 2023. Excise tax was not required in 2022.

Consolidated Variable Interest Entities ("VIE")

The Company holds a 49% interest in one VIE located in the Middle East. The Company is the primary beneficiary and consolidates the VIE as it has the power to direct the activities that most significantly affect the VIE's economic performance and has the obligation to absorb the VIE's losses or the right to receive benefits. For the years ended December 31, 2024, 2023 and 2022, net income attributable to noncontrolling interest was \$1 million each year, respectively.

The assets of the VIE can only be used to settle its own obligations and its creditors have no recourse to the Company's assets. As of December 31, 2024 and December 31, 2023, the VIE's assets were primarily current assets of \$10 million and \$19 million, respectively, and the liabilities were primarily current liabilities of \$2 million and \$8 million, respectively.

13. Leases

The Company leases certain facilities, vehicles and equipment. The Company determines if an arrangement contains a lease at contract inception and recognizes ROU assets and lease liabilities for leases with terms greater than twelve months. Leases with an initial term of twelve months or less are accounted for as short-term leases and are not recognized in the balance sheet. Operating fixed lease expenses and finance lease depreciation expense are recognized on a straight-line basis over the lease term. Variable lease payments which cannot be determined at the lease commencement date, such as reimbursement of lessor expenses, were not included in the ROU assets or lease liabilities.

Leases include both lease and non-lease components which are primarily related to management services provided by lessors for the underlying assets. The Company elected the practical expedient to account for lease and non-lease components as a single lease component for all leases as well as the practical expedient that allows the Company to carry forward the historical lease classifications. For all new and modified leases entered into after the adoption of ASC 842, the Company reassesses the lease classification and lease term on the effective date of modification. Lease term includes renewal periods if the Company is reasonably certain to exercise any renewal options per the lease contract. The Company's leases do not contain any material residual value guarantees or restrictive covenants. The Company subleases certain real estate to third parties.

As most leases do not have readily determinable implicit rates, the Company estimates the incremental borrowing rates based on prevailing financial market conditions, comparable companies and credit analysis and management judgments to determine the present

values of its lease payments. The Company also applies the portfolio approach to account for leases with similar terms. As of December 31, 2024, the weighted-average remaining lease terms were approximately 4 years for both operating leases and finance leases, and the weighted-average discount rates were 6.7% for operating leases and 6.5% for finance leases.

Supplemental balance sheet information is as follows (*in millions*):

		December 31,	
		2024	2023
Classification			
Assets			
Operating	Other assets	\$ 40	\$ 40
Finance	Property, plant and equipment, net	24	21
Total ROU assets		<u>\$ 64</u>	<u>\$ 61</u>
Liabilities			
Current			
Operating	Accrued liabilities	\$ 13	\$ 11
Finance	Other current liabilities	10	7
Long-term			
Operating	Long-term operating lease liabilities	29	30
Finance	Other long-term liabilities	15	15
Total lease liabilities		<u>\$ 67</u>	<u>\$ 63</u>

Components of lease expense is as follows (*in millions*):

		Year Ended December 31,		
		2024	2023	2022
Classification				
Operating lease cost ⁽¹⁾	Warehousing, selling and administrative	\$ 18	\$ 18	\$ 16
Finance lease ROU asset depreciation ⁽²⁾	Warehousing, selling and administrative	10	6	4
Short-term lease cost	Warehousing, selling and administrative	6	6	5
Variable lease cost	Warehousing, selling and administrative	2	3	3
Sublease income	Warehousing, selling and administrative	(2)	(3)	(2)

⁽¹⁾ Included in other, net adjustment to reconcile net income to net cash provided by (used in) operating activities in the consolidated statement of cash flows.

⁽²⁾ Included in depreciation and amortization in the consolidated statement of cash flows. Interest on finance lease liabilities is \$1 million, \$1 million and less than \$1 million in 2024, 2023 and 2022, respectively.

Supplemental disclosure of cash flow information is as follows (*in millions*):

		Year Ended December 31,		
		2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases		\$ 19	\$ 18	\$ 21
Financing cash flows from finance leases ⁽¹⁾		11	7	5
ROU assets obtained in exchange for new lease liabilities				
Operating		\$ 17	\$ 18	\$ 25
Finance		13	17	9

⁽¹⁾ Interest payments from finance lease liabilities is \$1 million, \$1 million and less than \$1 million in 2024, 2023 and 2022, respectively.

Maturity of lease liabilities as of December 31, 2024 were as follows (*in millions*):

	Operating Lease	Finance Lease
2025	\$ 16	\$ 11
2026	12	10
2027	8	5
2028	5	1
2029	2	—
Thereafter	5	1
Total future lease payments	48	28
Less: interest	(6)	(3)
Present value of lease liabilities	<u>\$ 42</u>	<u>\$ 25</u>

14. Commitments and Contingencies

The Company is involved in various claims, regulatory agency audits and pending or threatened legal actions involving a variety of matters with entities such as suppliers, customers, parties to acquisitions and divestitures, government authorities and other external parties. The Company regularly reviews and records the estimated probable liability in an amount believed to be sufficient and continues to periodically reexamine the estimates of probable liabilities and any associated expenses to make appropriate adjustments to such estimates as necessary. These estimated liabilities are based on the Company's assessment of the nature of these matters, their progress toward resolution, the advice of legal counsel and outside experts as well as management's intention and past experience regarding the valuation of these claims. The Company has also assessed the potential for additional losses above the amounts accrued as well as potential losses for matters that are not probable but are reasonably possible. The total potential loss on these matters cannot be determined. While the Company has established estimates it believes to be reasonable under the facts known, the outcomes of litigation and similar disputes are often difficult to reliably predict and may result in decisions or settlements that are contrary to, or in excess of, the Company's expectations.

The Company's business is affected both directly and indirectly by governmental laws and regulations relating to the oilfield service industry in general, as well as by environmental and safety regulations that specifically apply to the Company's business. Although the Company has not incurred material costs in connection with its compliance with such laws, there can be no assurance that other developments, such as new environmental laws, regulations and enforcement policies hereunder may not result in additional, presently unquantifiable costs or liabilities to the Company. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible, but not probable. Estimating reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties.

The Company maintains credit arrangements with several banks providing for standby letters of credit, including bid and performance bonds, and other bonding requirements. As of December 31, 2024, the Company was contingently liable for approximately \$10 million of outstanding standby letters of credit and surety bonds. The Company does not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid on those letters of credit and surety bonds.

15. Derivative Financial Instruments

The Company is exposed to certain risks relating to its ongoing business operations. The Company has entered into certain financial derivative instruments to economically hedge the Company's risk from changes in the fair value of non functional currency denominated monetary accounts. The Company's foreign currency forward contracts have terms of less than one year.

The Company records all derivative financial instruments at their fair value in its consolidated balance sheets. None of the derivative financial instruments that the Company holds are designated as either a fair value hedge or cash flow hedge and the gain or loss on the derivative instruments is recorded in earnings. The Company has determined that the fair value of its derivative financial instruments are computed using level 2 inputs (inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability) in the fair value hierarchy as the fair value is based on publicly available foreign exchange rates at each financial reporting date. As of December 31, 2024 and 2023, the fair value of the Company's foreign currency forward contracts totaled an asset of less than \$1 million and a liability of less than \$1 million. The Company's foreign currency forward contract assets were included in prepaid and other current assets in the consolidated balance sheets and the Company's foreign currency forward contract liabilities were included in other current liabilities in the consolidated balance sheets.

For the years ended December 31, 2024, 2023 and 2022, the Company recorded a loss of \$1 million each year respectively, related to changes in fair value. All gains and losses were included in other income (expense) in the consolidated statements of operations. The notional principal associated with those contracts was \$16 million, \$15 million and \$7 million as of December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024, the Company's financial instruments do not contain any credit-risk-related or other contingent features that could cause accelerated payments when the Company's financial instruments are in net liability positions. The Company does not use derivative financial instruments for trading or speculative purposes.

16. Accumulated Other Comprehensive Income (Loss) ("AOCI")

The components of accumulated other comprehensive income (loss) are as follows (*in millions*):

	Foreign Currency Translation Adjustments	
	Year Ended December 31,	
	2024	2023
Beginning balance	\$ (145)	\$ (150)
Other comprehensive income (loss) before reclassifications	(14)	5
Amounts reclassified from accumulated other comprehensive income (loss)	6	—
Net current-period other comprehensive income (loss)	(8)	5
Ending balance	<u>\$ (153)</u>	<u>\$ (145)</u>

The Company's reporting currency is the U.S. dollar. A majority of the Company's international entities in which there is a substantial investment have the local currency as their functional currency. As a result, foreign currency translation adjustments resulting from the process of translating the entities' financial statements into the reporting currency are reported in other comprehensive income or loss in accordance with ASC Topic 830 "Foreign Currency Matters".

For the year ended December 31, 2024, the Company reclassified approximately \$6 million of foreign currency translation losses as a result of substantially completing the liquidation of certain foreign subsidiaries in its International segment. Such foreign currency translation losses were reclassified from the component of AOCI into earnings, reflected in impairment and other charges in the consolidated statement of operations.

17. Business Segments

The Company has three reportable segments – United States, Canada and International. These segments were determined primarily based on geographical markets. The Chief Operating Decision Maker ("CODM") uses operating profit to evaluate segment performance and allocate resources. Operating profit is revenue less cost of products, warehousing, selling and administrative expenses and impairment and other charges. The Company's Chief Executive Officer has been identified as the CODM. The Company has disclosed for each reportable segment the significant expense categories that are reviewed by the CODM in the tables below and there are no additional significant expenses within the expense categories presented.

United States

The Company has approximately 110 locations in the U.S., which are geographically positioned to serve the upstream, midstream, downstream and renewable energy and industrial markets.

Canada

The Company has a network of approximately 40 locations in the Canadian oilfield, predominantly in the oil rich provinces of Alberta, Saskatchewan, Manitoba and other locations across the country. The Company's Canadian segment primarily serves the energy exploration, production, mining and drilling business.

International

The Company serves the needs of its international customers from approximately 15 locations outside of the U.S. and Canada, which are strategically located in major oil and gas development areas. The Company's International segment primarily serves the energy exploration, production and drilling business.

In the third quarter of 2024, we began a plan to restructure operations in the International segment to optimize efficiencies and to improve operating margins. For the year ended December 31, 2024, the Company recognized \$9 million in charges, including approximately \$6 million of foreign currency translation losses included in impairment and other charges, approximately \$2 million of inventory write-downs included in cost of products and \$1 million of other exit costs included in warehousing, selling and

administrative. We could incur additional non-cash foreign currency translation losses as we complete the International restructuring; however, we do not expect the remaining restructuring related liabilities to be material.

The following table presents revenues, significant segment expenses and other segments items included in operating profit for each of the Company's reportable segments as of and for the year ended December 31 (*in millions*):

	United States	Canada	International	Total
2024				
Revenue	\$ 1,880	\$ 253	\$ 240	\$ 2,373
Less:				
Cost of products	1,456	189	193	1,838
Warehousing, selling and administrative expenses	329	51	36	416
Impairment and other charges	—	—	6	6
Operating profit	<u>\$ 95</u>	<u>\$ 13</u>	<u>\$ 5</u>	113
Other income (expense)				1
Income before income taxes				<u>\$ 114</u>
2023				
Revenue	\$ 1,749	\$ 282	\$ 290	\$ 2,321
Less:				
Cost of products	1,343	207	236	1,786
Warehousing, selling and administrative expenses	302	54	39	395
Operating profit	<u>\$ 104</u>	<u>\$ 21</u>	<u>\$ 15</u>	140
Other income (expense)				(2)
Income before income taxes				<u>\$ 138</u>
2022				
Revenue	\$ 1,591	\$ 315	\$ 230	\$ 2,136
Less:				
Cost of products	1,214	231	185	1,630
Warehousing, selling and administrative expenses	274	54	37	365
Impairment and other charges	—	—	10	10
Operating profit (loss)	<u>\$ 103</u>	<u>\$ 30</u>	<u>\$ (2)</u>	131
Other income (expense)				8
Income before income taxes				<u>\$ 139</u>

The following table presents financial information for each of the Company's reportable segments as of and for the year ended December 31 (*in millions*):

	United States	Canada	International	Total
2024				
Property, plant and equipment, net	\$ 135	\$ 11	\$ 11	\$ 157
Total assets	1,299	177	145	1,621
Depreciation and amortization	31	2	1	34
2023				
Property, plant and equipment, net	\$ 106	\$ 12	\$ 13	\$ 131
Total assets	1,192	177	160	1,529
Depreciation and amortization	23	2	1	26
2022				
Property, plant and equipment, net	\$ 95	\$ 11	\$ 13	\$ 119
Total assets	991	179	150	1,320
Depreciation and amortization	16	2	1	19

The following table presents a comparison of the approximate sales mix in the principal product categories (*in millions*):

Product Category	Year Ended December 31,		
	2024	2023	2022
Pumps, production and drilling	\$ 623	\$ 639	\$ 531
Pipe	395	422	432
Valves	520	437	409
Fittings and flanges	475	433	389
Mill tool, MRO, safety and other	360	390	375
Total	\$ 2,373	\$ 2,321	\$ 2,136

18. Earnings Per Share (“EPS”)

Basic EPS is based on net income attributable to the Company’s earnings and is calculated based upon the daily weighted-average number of common shares outstanding during the periods presented. Diluted EPS includes the above, plus unvested restricted stock awards, unvested restricted units, unvested performance stock awards, and unexercised stock options, to the extent these instruments dilute EPS.

For the years ended December 31, 2024, 2023 and 2022, a total of less than 1 million, 1 million and 2 million, respectively, of dilutive shares were excluded from the computation of diluted earnings per share due to their antidilutive effect.

Basic and diluted EPS are as follows (*in millions*, except share data):

	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net income attributable to DNOW Inc.	\$ 81	\$ 247	\$ 128
Less: net income attributable to participating securities	(1)	(4)	(2)
Net income attributable to DNOW Inc. stockholders	<u>\$ 80</u>	<u>\$ 243</u>	<u>\$ 126</u>
Denominator:			
Weighted average basic common shares outstanding	106,354,586	107,395,890	110,676,078
Effect of dilutive securities	793,824	1,026,865	548,311
Weighted average diluted common shares outstanding	<u>107,148,410</u>	<u>108,422,755</u>	<u>111,224,389</u>
Earnings per share attributable to DNOW Inc. stockholders:			
Basic	<u>\$ 0.75</u>	<u>\$ 2.26</u>	<u>\$ 1.14</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 2.24</u>	<u>\$ 1.13</u>

Under ASC Topic 260, “Earnings Per Share,” the two-class method requires a portion of net income attributable to DNOW Inc. to be allocated to participating securities, which are unvested awards of share-based payments with non-forfeitable rights to receive dividends or dividend equivalents, if declared. Net income attributable to these participating securities was excluded from net income attributable to DNOW Inc. stockholders in the numerator of the earnings per share computation.

19. Stock-based Compensation and Outstanding Awards

Under the terms of the DNOW Inc. Long Term Incentive Plan (the “Plan”), 16 million shares of the Company’s common stock were authorized for grant to employees, non-employee directors and other persons. The Plan provided for the grant of stock options, restricted stock awards (“RSAs”), restricted stock units and phantom shares (“RSUs”), and performance stock awards (“PSAs”). The Plan had a ten-year term which expired in May 2024. Since the Plan expired in May 2024, no further awards can be made under the Plan after such expiration date. On May 22, 2024, the Company’s shareholders approved the DNOW Inc. 2024 Omnibus Incentive Plan (the “2024 Plan”). Under the new 2024 Plan, the shares initially available for grant under such plan was the sum of (i) 1,973,000 shares (which was approved by the Company’s shareholders) and (ii) the number of shares that remained available for issuance under the Plan at the time of its expiration, which were rolled over into the new 2024 Plan. The 2024 Plan will permit awards to be granted until 2034, including the granting of RSAs, RSUs, PSAs, stock options, and stock appreciation rights.

Stock-based compensation expense recognized for the years ended December 31, 2024, 2023 and 2022 totaled \$13 million, \$15 million and \$11 million, respectively. The tax effected benefit for share-based compensation arrangements was \$2 million each year for the years ended December 31, 2024, 2023 and 2022, respectively.

Each of the stock-based compensation arrangements are discussed below.

Stock Options

Stock option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant. Stock option awards generally have a 7-year contractual term and vest over a 3-year period from the grant date on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Additionally, the Company's stock options provide for full vesting of unvested outstanding options, in the event of a change of control of the Company and a change in the holder's responsibilities following a change in control of the Company. The Company did not grant stock option awards in 2024, 2023 and 2022.

The following table summarizes award activity for stock options:

Stock Options	Shares (in thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2023	2,012	\$ 13.36		
Granted	—	—		
Forfeited and expired	(422)	23.67		
Exercised	(688)	9.90		
Outstanding as of December 31, 2024	902	\$ 11.16	2.3	\$ 2
Exercisable at December 31, 2024	902	\$ 11.16	2.3	\$ 2

The total intrinsic value of options exercised for the years ended December 31, 2024, 2023 and 2022 was \$3 million, less than \$1 million and \$1 million, respectively. Cash received from exercises of stock options was \$6 million for the year ended December 31, 2024.

Restricted Stock Awards, Restricted Stock Units and Phantom Shares ("RSAs and RSUs")

Restricted stock generally cliff vests after 1 or 3 years. The grant-date fair value of RSA and RSU grants is determined using the closing quoted market price on the grant date. Additionally, the Company's RSA and RSU agreements provide for full vesting of RSAs and RSUs in the event of a change of control of the Company and a change in the holder's responsibilities following a change in control of the Company.

The following table summarizes award activity for RSAs and RSUs:

RSAs / RSUs	Shares (in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested as of December 31, 2023	1,953	\$ 10.91
Granted	1,050	13.60
Vested ⁽¹⁾	(370)	10.10
Forfeited	(132)	11.43
Nonvested as of December 31, 2024	2,501	\$ 12.13

⁽¹⁾ 110 thousand shares were withheld and retired from the vesting of shares to employees to satisfy minimum tax withholding.

The weighted average grant-date fair value was \$13.60, \$12.56 and \$9.89 for RSAs and RSUs granted for the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, unrecognized compensation cost related to RSAs and RSUs was \$14 million, which is expected to be recognized over a weighted average period of 1.3 years. The total vest-date fair value of shares vested for the years ended December 31, 2024, 2023 and 2022 was \$5 million, \$3 million, and \$2 million, respectively.

Performance Stock Awards (“PSAs”)

PSAs generally have a 3-year vesting period from the grant date and vest at the end of the vesting period with potential payouts varying from zero for performance below the threshold performance metric to 200% of the target award PSAs for performance above the maximum performance metric. The grant-date fair value of market-condition PSA grants is determined using a Monte Carlo simulation probabilistic model. The grant-date fair value of performance-condition PSA grants is determined using the closing quoted market price on the grant date. Additionally, the Company’s performance award agreements provide for full vesting of PSAs at the target level in the event of a change of control of the Company and a change in the holder’s responsibilities following a change in control of the Company.

The Company granted PSAs to senior management employees whereby the PSAs can be earned based on performance against established metrics over a three-year performance period. The PSAs are divided into three independent parts that are subject to separate performance metrics: (i) one-half of the PSAs have a Total Shareholder Return (“TSR”) metric, (ii) one-quarter of the PSAs have an EBITDA metric, and (iii) one-quarter of the PSAs have a Return on Capital Employed (“ROCE”) metric.

Performance against the TSR metric is determined by comparing the performance of the Company’s TSR with the TSR performance of designated peer companies for the three-year performance period. Performance against the EBITDA metric is determined by comparing the performance of the Company’s actual EBITDA average for each of the three-years of the performance period against the EBITDA metrics set by the Company’s Compensation Committee of the Board of Directors. Performance against the ROCE metric is determined by comparing the performance of the Company’s actual ROCE average for each of the three-years of the performance period against the ROCE metrics set by the Company’s Compensation Committee of the Board of Directors.

The following table summarizes award activity for performance stock awards:

PSAs	Shares (in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested as of December 31, 2023	1,026	\$ 13.22
Granted	470	14.17
Vested ⁽¹⁾	(516)	11.79
Forfeited	(143)	14.70
Nonvested as of December 31, 2024	837	\$ 14.38

⁽¹⁾ 209 thousand shares were withheld and retired from the vesting of shares to employees to satisfy minimum tax withholding.

The weighted average grant-date fair value of PSAs granted for the years ended December 31, 2024, 2023 and 2022 was \$14.17, \$15.52 and \$11.08, respectively. As of December 31, 2024, unrecognized compensation cost related to PSAs was \$5 million, which is expected to be recognized over a weighted average period of 1.1 year. The total vest-date fair value of PSAs vested for the year ended December 31, 2024, 2023 and 2022 was \$7 million, \$1 million and less than \$1 million, respectively.

20. Employee Benefit Plans

Benefit plans

The Company has benefit plans covering substantially all of its employees. Defined contribution benefit plans cover most of the U.S. and Canadian employees, and benefits are based on years of service and a percentage of current earnings. For the years ended December 31, 2024, 2023 and 2022, the costs for defined contribution plans were \$6 million, \$6 million and \$5 million, respectively.

The Company has a non-qualified deferred compensation plan (the “NQDC Plan”) for certain members of senior management. NQDC Plan assets are invested in mutual funds held in a “rabbi trust,” which is restricted for payment to participants of the NQDC Plan. Such equity securities held in a rabbi trust are measured using quoted market prices at the reporting date (Level 1 within the fair value hierarchy) and were included in other assets, with the corresponding liability included in other long-term liabilities in the consolidated balance sheets.

Defined Benefit Pension Plans

Historically, the Company sponsored two defined benefit plans in the United Kingdom under which accruals of pension benefits have ceased. In 2020, the Company made lump-sum payments and entered into a buy-in annuity contract in connection with the de-risking both plans. During 2023, transfers were made to complete the buy-out of the remaining liability of the annuity contract. As a result of the 2023 transfers, the buy-in policies were converted into buy-out policies, and the plans were effectively settled.

Net periodic benefit cost (income) for the Company's defined benefit plans was cost of \$1 million and income of less than \$1 million for the years ended December 31, 2023 and 2022, respectively, and were included in other income (expense) in the consolidated statement of operations. The Company immediately recognizes actuarial gains and losses in other income (expense), which are generally measured annually and recorded in the fourth quarter, unless an earlier remeasurement is required.

The change in benefit obligation, plan assets and the funded status of the defined benefit pension plans in the United Kingdom using a measurement date of December 31, 2023, is as follows (*in millions*):

At year end	Pension Benefits	
	2023	
Benefit obligation at beginning of year	\$	4
Actuarial loss (gain)		—
Plan settlements		(4)
Foreign currency exchange rate changes		—
Benefit obligation at end of year	\$	—
Fair value of plan assets at beginning of year	\$	6
Actual return		—
Plan settlements		(5)
Foreign currency exchange rate changes and other		(1)
Fair value of plan assets at end of year	\$	—
Funded status		—
Accumulated benefit obligation at end of year	\$	—

The Company estimated income or expense related to its pension and postretirement plans based on actuarial assumptions, including assumptions regarding discount rates and expected returns on plan assets, adjusted for current period actuarial gains and losses. Assumed long-term rates of return on plan assets and discount rates varied according to the local economic conditions.

The assumption rates used for net periodic benefit costs are as follows:

	December 31,	
	2023	2022
Discount rate:	4.10% - 5.10%	1.20% - 1.80%
Expected return on assets:	4.00% - 5.12%	1.10% - 2.22%

Historically, both plans had plan assets in excess of projected benefit obligations. As the plans were settled in 2023, the Company will not pay future benefit amounts, and does not expect to contribute to its defined benefit pension plans in the future.

21. Acquisitions

2024 Acquisitions

For the year ended December 31, 2024, the Company completed the acquisitions of Whitco Supply, LLC and Trojan Rentals, LLC for an aggregate purchase price consideration of approximately \$299 million, net of cash acquired. These acquisitions expand the company's energy products and solutions in the U.S. The Company completed its preliminary valuations as of the acquisition date of the acquired net assets and recognized goodwill of \$91 million and intangible assets of \$42 million in the U.S. segment, which are subject to change. The primary areas of the preliminary valuation that are not yet finalized relate to the valuation of identifiable intangible assets acquired and the fair value of certain tangible assets acquired. If additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), the Company will refine its estimate of fair value to allocate the purchase price more accurately. For the year ended December 31, 2024, the Company recognized approximately \$3 million in acquisition-related costs.

The following table summarizes the preliminary purchase price allocation detail as of the acquisition dates and the measurement period adjustments for acquisitions closed during fiscal years 2024 (*in millions*):

	2024 Acquisitions	Measurement period adjustments	As of December 31, 2024
Net purchase price, net of cash acquired	\$ 300	\$ (1)	\$ 299
Fair value of net assets acquired:			
Current assets other than cash	170	1	171
Property, plant and equipment	36	—	36
Trade names and patents ⁽¹⁾	19	—	19
Customer relationships ⁽¹⁾	23	—	23
Other long-term assets	5	3	8
Current liabilities	(44)	(1)	(45)
Other long-term liabilities	(2)	(2)	(4)
Total fair value of net assets acquired	207	1	208
Goodwill ⁽²⁾	\$ 93	\$ (2)	\$ 91

⁽¹⁾ Intangible assets acquired are amortized over a 11-year weighted average period.

⁽²⁾ The amount of goodwill represents the excess of its purchase price over the fair value of net assets acquired. Goodwill includes the expected benefit that the Company believes will result from combining its operations with those of the businesses acquired. The full amount of goodwill recognized is expected to be deductible for income tax purposes.

The Company has included the financial results of the acquisitions in its consolidated financial statements from the date of the acquisition. For the year ended December 31, 2024, actual results included in the consolidated statements of operations consist of approximately \$297 million of revenue and approximately \$15 million of net income from the acquisitions.

Pro Forma Financial Information (unaudited)

The unaudited pro forma information has been presented as if the acquisitions occurred on January 1, 2023. This information is based on historical results of operations, adjusted to give effect to pro forma events that are directly attributable to the acquisitions and factually supportable. The pro forma information is for informational purposes only and is not indicative of the results of operations that would have been achieved had the acquisitions occurred at the beginning of fiscal year 2023.

The unaudited pro forma revenue on consolidated statements of operations with the acquisitions for the years ended December 31, 2024 and 2023 would estimate approximately \$2,545 million and \$2,824 million, respectively. The unaudited pro forma net income for the years ended December 31, 2024 and 2023 would estimate approximately \$108 million and \$286 million, respectively.

These amounts have been calculated by applying the Company's accounting policies and adjusting for the incremental depreciation, amortization, and cost of products sold related to the fair value step-up, as if the acquisitions had occurred on January 1, 2023, including the consequential tax effects. Additionally, acquisition-related costs incurred during the year ended December 31, 2024, have been reclassified to the year ended December 31, 2023, along with the corresponding tax effects.

2023 Acquisitions

For the year ended December 31, 2023, the Company completed two acquisitions for a net purchase price consideration of approximately \$33 million cash. These acquisitions expand product line offerings and services to the Company's U.S. Process Solutions business. The Company has included the financial results of the acquisitions in its consolidated financial statements from the date of the acquisition.

The Company completed its valuations as of the acquisition date of the acquired net assets and recognized goodwill of \$22 million and intangible assets of \$9 million in the U.S. segment. The full amount of goodwill recognized is expected to be deductible for income tax purposes. The Company has not presented supplemental pro forma information because the acquired operations did not materially impact the Company's consolidated operating results.

2022 Acquisitions

For the year ended December 31, 2022, the Company completed three acquisitions for an aggregate purchase price consideration of approximately \$80 million cash. The acquisitions further expand and fortify the Company's solutions offerings in new and existing end markets in the U.S. Process Solutions reporting unit. The Company has included the financial results of the acquisition in its consolidated financial statements from the date of the acquisition.

The Company completed its valuations as of the applicable acquisition dates of the acquired net assets and recognized goodwill of \$49 million and intangible assets of \$15 million in the U.S. segment. The Company also identified non-compete agreements as separate transactions and recognized non-compete intangible assets of approximately \$3 million with a weighted-average life of 3 years. The

Company has not presented supplemental pro forma information because the acquired operations did not materially impact the Company's consolidated operating results.

The following table summarizes the purchase price allocation detail as of the acquisition dates for acquisitions closed during fiscal years 2022 (*in millions*):

	2022 Acquisitions
Net purchase price, net of cash acquired	\$ 80
Fair value of net assets acquired:	
Current assets other than cash	11
Property, plant and equipment	10
Customer relationships and other intangibles ⁽¹⁾	15
Current liabilities	(5)
Total fair value of net assets acquired	31
Goodwill ⁽²⁾	\$ 49

⁽¹⁾ Intangible assets acquired are amortized over a 8-year weighted average period.

⁽²⁾ The amount of goodwill represents the excess of its purchase price over the fair value of net assets acquired. Goodwill includes the expected benefit that the Company believes will result from combining its operations with those of the businesses acquired. The full amount of goodwill recognized is expected to be deductible for income tax purposes.

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