Key Takeaways

FOURTH QUARTER AND FULL-YEAR 2021

Energy Delivered.™

Disclosure Statement

- Statements made in the course of this presentation 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 U.S. Securities and Exchange Commission (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.

- In an effort to provide investors with additional information regarding our results as determined by U.S. Generally Accepted Accounting Principles (GAAP), we disclose various non-GAAP financial measures in our quarterly earnings press releases and other public disclosures. 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 (sometimes referred to as “EBITDA”), (ii) net income (loss) excluding other costs and (iii) diluted earnings (loss) per share excluding other costs. Each of these financial measures excludes the impact of certain other costs and therefore has not been calculated in accordance with GAAP. A reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure can be found in our earnings press release.

- In an effort to better align with management’s evaluation of the Company’s performance and to facilitate comparison of our results to those of peer companies, beginning for the fourth quarter and full-year ended December 31, 2021, EBITDA excluding other costs excludes non-cash stock-based compensation expense. Prior periods presented have been adjusted to conform with the current period presentation.

CEO Perspective

- 4Q21 revenue was $432M, a decrease of 2% sequentially and an increase 35% YOY
- Full-Year 2021 revenue was $1,632M, an increase of $13M compared to prior year
- U.S. revenue was $303M for 4Q21, a decrease of 3% sequentially and an increase of 35% YOY
- Canada revenue was $72M for 4Q21, an increase of 6% sequentially and 50% YOY
- International revenue was $57M for 4Q21, a decrease of 3% sequentially and an increase of 21% YOY
- Gross margins improved 150 bps sequentially to a record high of 23.4%, primarily from higher product margins, lower inventory charges and increased vendor consideration
- Cash balance of $313M and zero debt as of December 31, 2021, with zero interest expense
- Non-GAAP EBITDA excluding other costs (“EBITDA”) now excludes stock-based compensation, a non-cash expense of $2M in 4Q21 and $8M for the year (see last slide)
- EBITDA was $17M for 4Q21 or 3.9% of revenue
- Full-Year 2021 EBITDA was $45M, an increase of $92M compared to prior year on relatively flat revenue

4Q21 Key Market Indicators

WTI/Rig Counts

- WTI avg of $77 per barrel for 4Q21
- U.S. avg rig count of 559, up 12% sequentially
- Canada avg rig count 161, up 7% sequentially
- International avg rig count 817, up 6% sequentially

DNOW annualized revenue per rig at $1.1M for 4Q21

U.S. DUCs

- December ended with a DUC count of 4,616 wells in EIA DPR regions
- 4Q21 avg of 4,834 wells
- Down 13% sequentially

DUCs are future revenue opportunities for DNOW

U.S. Completions

- December ended with a U.S. completions count of 900 wells in EIA DRP regions
- 4Q21 avg of 887 wells
- Up 3% sequentially

Presents an immediate opportunity for DNOW U.S. as tank batteries and gathering systems are constructed after completions

4Q21 Highlights – United States

U.S. Energy

- Revenue was lower 4% sequentially and contributed 79% of U.S. revenue
- Revenue lower due to the impact of seasonality on market activity from holidays, fewer billing days and lower customer activity
- Exited low margin product lines to improve gross margins and reduce associated costs while shifting resources to higher margin product lines
- Midstream expanded driven by increase in customer maintenance and small projects
- Added several PVF contracts that will drive incremental revenue growth in the Permian
- Progressing on our centralized fulfillment strategy having consolidated a number of locations to our Permian PVF+ facility as well as began consolidated operations from our Casper, WY and Houston, TX facilities

U.S. Process Solutions

- Revenue improved 2% sequentially and contributed 21% of U.S. revenue
- Revenue mostly flat in the quarter as growth was impacted by seasonality and equipment package shipments impacted pushed out due to supply chain delays
- Seeing pick up in orders and quoting activity for pumps packages and fabricated equipment tied to growth in completions, fluid transfer projects and increase in customer opex spend
- Replacing ESP applications using our hydraulic jet pump rentals to reduce operator capex and lease operating expense
- Provided equipment that help reduce customer’s greenhouse gas emissions tied to their ESG emission reduction targets

4Q21 Highlights – Canada and International

Canada

- Revenue increased sequentially $4M or 6% due to a seasonal rebound driven by increased rig activity during winter months provide more land access for well spuds
- Market improving as a number of our main customers revenue has increased, the most in over two years
- Segment profitability driven by expanding sales and effective cost control
- Awarded several PVF contracts in the quarter that will maintain and grow business in 2022
- Delays of PVF material during the quarter due to Vancouver port disruptions caused by severe flooding

International

- Revenue decreased $2M or 3% sequentially partially due to a combination of COVID and orders pushed into 2022 due to supply chain delays
- MRO activity increased during the quarter from smaller sized project activity
- Exported electrical bulks from the UK to IOC's operating in West Africa
- Secured several frame agreements: one from an EPC for a tool management program in the UK; an OEM in Norway for electrical products, a PFF frame agreement in CIS region and a valve integrator agreement for an NOC-IOC JV in Kazakhstan

DigitalNOW® Customer Ecosystem Expanding

Digital suite of products expanding adding to increased customer value

Digital commerce platform, *shop.dnow.com*, continues to grow

- Digital revenue comprised of 42% of SAP revenue
- Growing customer implementations and integrations with customer ERP systems
- Focused on growing B2B users, onboarded numerous new customers in the quarter
- Central commerce solution to DigitalNOW® customer ecosystem

eSpec™, powered by DigitalNOW®

- Engineered equipment package product budgeting and configuration tool encompassing 10 product lines
- Enables enhanced customer conversations earlier in the project cycle
- Released 3D and augmented reality features

eTrack™, powered by DigitalNOW®

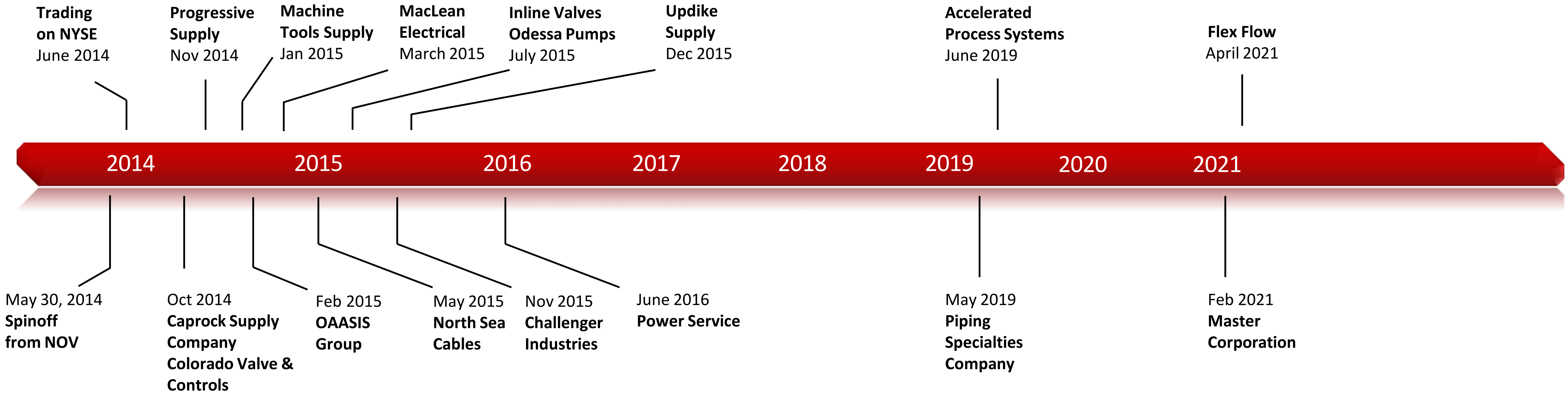
- Asset, data and material management lifecycle solution
- Empowers customers to
  - Manage their assets using location finder
  - Retrieve documentation and drawings
  - Schedule field service
- Implementing with several customers capturing hundreds of assets and growing

Driving Growth through Acquisitions

Clearly Defined Acquisition Strategy

- Acquire value-add solutions with sustainable competitive advantages
- Leverage acquired product lines to gain organic share
- Expand Process Solutions value proposition

Track Record of Success



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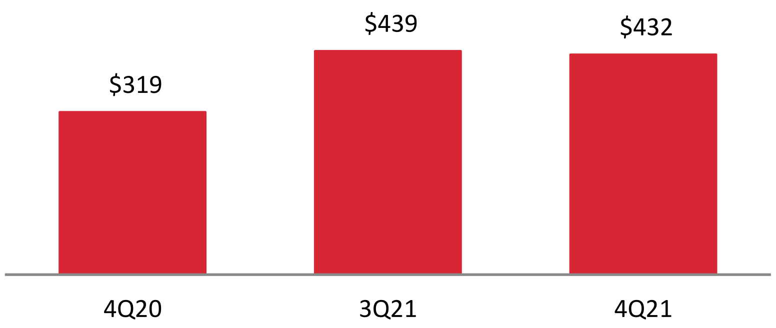
CFO Highlights

- EBITDA was $17M for the quarter and $45M for the year
- EBITDA now excludes stock-based compensation, a non-cash expense of $2M in 4Q21 and $8M for the year
- Net Income was $12M for the quarter and $5M for the year; Non-GAAP Net Income excluding other costs was $8M for the quarter and $9M for the year
- Free cash flow was $1M for the quarter and $25M for the year
- Diluted earnings of $0.11 per share for the quarter and $0.05 per share for the year; Non-GAAP diluted earnings excluding other costs of $0.07 per share and $0.08 per share for the year
- Working capital, excluding cash, as a percentage of annualized 4Q21 revenue was 11.6%

Selected Quarterly Results (Unaudited)

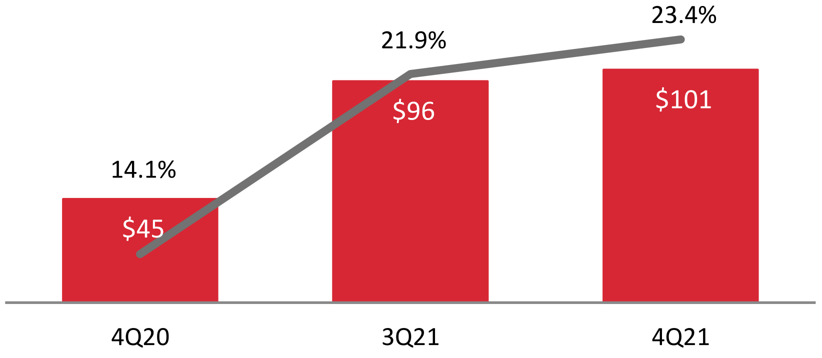
Revenue

($ in millions)



Gross Profit and Margin

($ in millions)



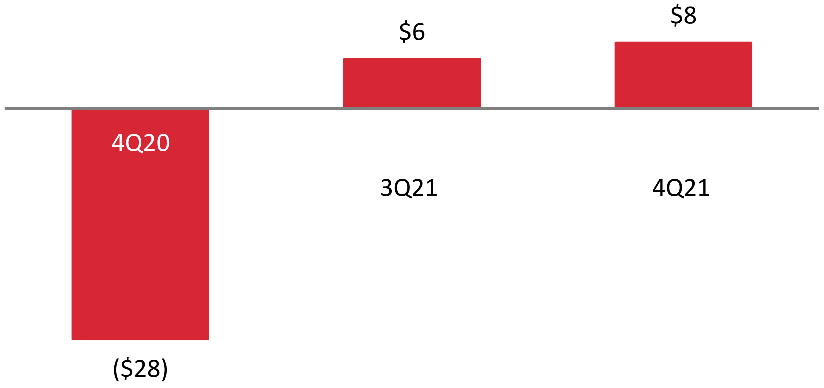
EBITDA excl. Other Costs (Non-GAAP)*

($ in millions)

Beginning for the fourth quarter and full-year ended December 31, 2021, EBITDA excluding other costs excludes non-cash stock-based compensation expense. Prior periods presented have been adjusted to conform with the current period presentation.

Net Income (Loss) excl. Other Costs (Non-GAAP)

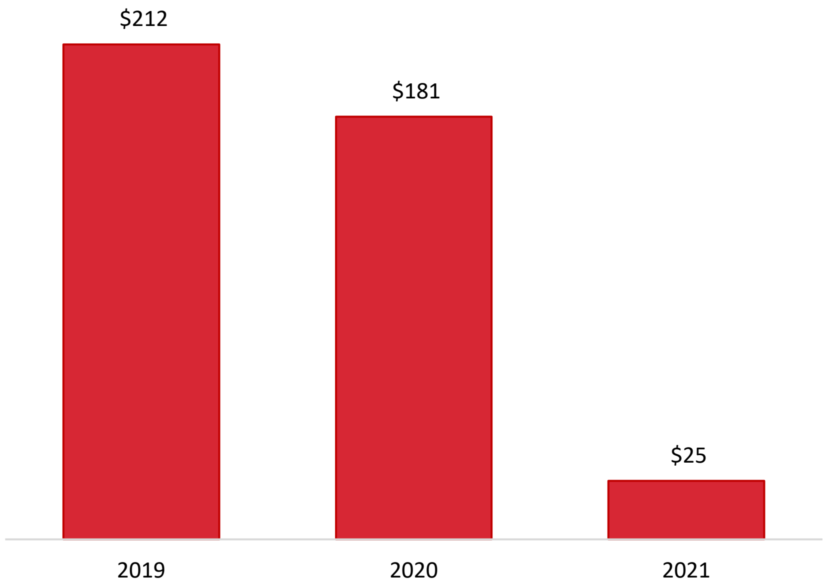
($ in millions)



Cash Generation & Working Capital Management

Free Cash Flow*

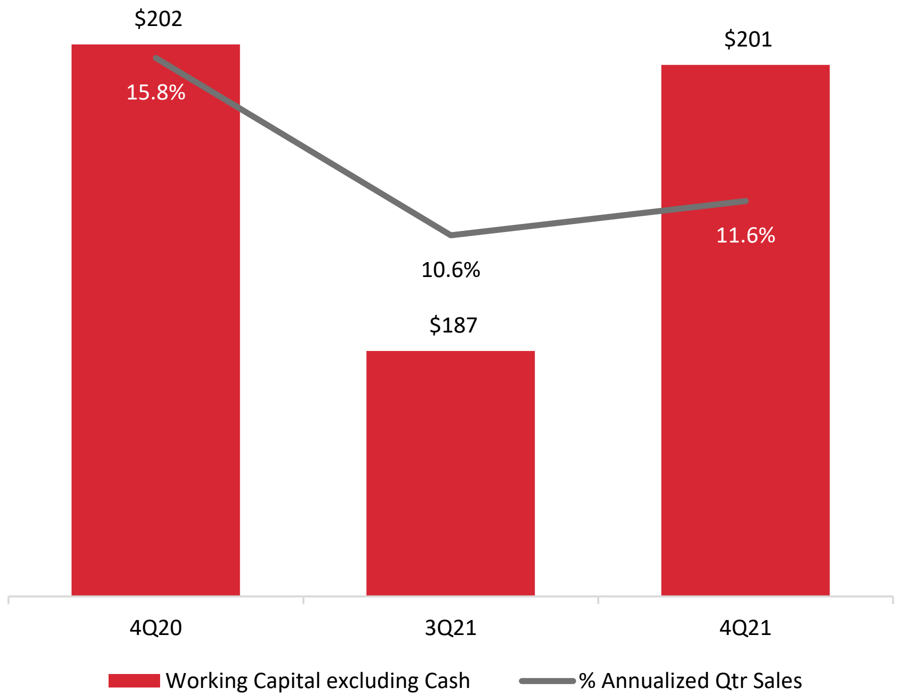
($ in millions)



* Free Cash Flow is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment

Working Capital excl. Cash

($ in millions)



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Liquidity and Capital Resources

- No outstanding borrowings
- No draws on the credit facility during the quarter
- Total liquidity equaled $561M at December 31, 2021, which includes:
  - $313M in cash on hand
  - $248M in availability under the ABL (1)
- Credit facility extended to December 2026

Total Liquidity at December 31, 2021

($ in millions)

(1) *Excludes pledged cash accounts of $111M*

CEO Wrap-Up

- Financial performance significantly improved from record gross margins and a much leaner cost structure
- Guidance for 1Q22 sequential revenue up mid-single-digit percentage range, due to increased activity across all three reporting segments with EBITDA to revenue incrementals in the 10-15 percent range as gross margins normalize from 4Q21
- Full-Year 2022 revenues expected to be up in the low-to-mid teens percentage range with EBITDA to revenue incrementals in the 15-20 percentage range, well above our historical 10-15 percentage range
- Full-Year 2022 gross margins could approximate 2021 gross margin percent
- Expect to generate free cash flow in 2022 even with significant growth in revenues
- Active pipeline of inorganic opportunities targeting businesses with strategic fit

U.S. GAAP To Non-GAAP Reconciliations
Net Income (Loss) To Non-GAAP EBITDA Excluding Other Costs (Unaudited)

(In millions)

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
GAAP net income (loss)	$ (331)	$ (30)	$ (22)	$ (44)	$ (10)	$ (2)	$ 5	$ 12
Interest, net	–	–	–	–	–	–	–	–
Income tax provision (benefit)	(2)	(1)	1	(1)	1	1	2	3
Depreciation and amortization	10	7	6	5	6	6	6	5
Other costs:								
Stock-based compensation	**2**	**3**	**3**	**2**	**2**	**2**	**2**	**2**
Other	325	9	–	11	4	1	2	(5)
EBITDA excluding other costs	$ 4	$ (12)	$ (12)	$ (27)	$ 3	$ 8	$ 17	$ 17

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