DISTRIBUTION NOW®

# Key Takeaways

THIRD QUARTER 2022

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) attributable to NOW Inc. excluding other costs and (iii) diluted earnings (loss) per share attributable to NOW Inc. 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.

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.

# 3Q22 Key Takeaways

- Revenue increased to $577M or 7% sequentially, up 31% year-over-year
- GAAP Net Income attributable to NOW Inc. of $40M; Net Income* of $34M, up $5M sequentially, and up $28M year-over-year
- GAAP EPS attributable to NOW Inc. of $0.35; EPS* of $0.30, up $0.04 sequentially
- EBITDA* expanded to $53M or 9.2% of revenue
- Gross margins reached a high of 24.1%
- Warehouse, Selling & Administration (WSA) was 16.5% of revenue, unchanged as a percent of revenue when compared to 2Q22
- Buyback program underway with repurchases of $4M of shares, or 5% of our $80M buyback authorization program at an average price of $10.33 per share
- Free cash flow of $44 million, total liquidity at the end of the quarter equaled $635M, including $267 million in cash and zero debt

* Excluding other costs (non-GAAP)

# Key Market Indicators

## WTI/Rig Counts

- WTI avg of $93 per barrel for 3Q22
- U.S. avg rig count of 761, up 6% sequentially
- Canada avg rig count of 199, up 74% sequentially
- International avg rig count of 857, up 5% sequentially

DNOW annualized revenue per rig at **$1.3M** for 3Q22

## U.S. DUCs

- September ended with a DUC count of 4,333 wells in EIA regions
- 3Q22 avg of 4,346 wells, down 2% sequentially

DUCs are future revenue opportunities for DNOW

## U.S. Completions

- September ended with a U.S. completions count of 968 wells in EIA regions
- 3Q22 avg of 969 wells, relatively flat sequentially

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

# 3Q22 Segment Results

Strong year-over-year performance driven by activity across all segments, excluding FX headwinds and impact from International exits

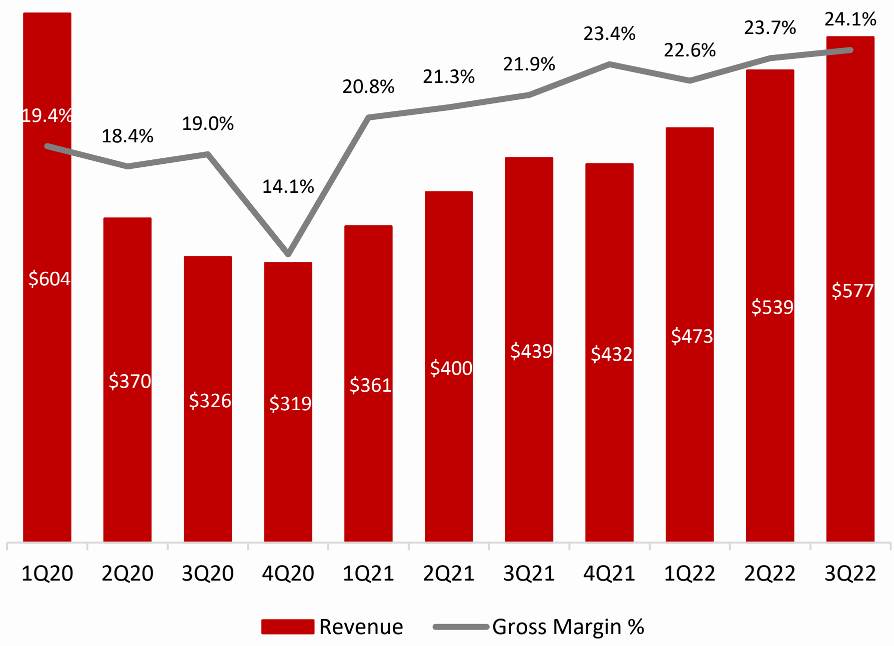
| | 3Q21 | 3Q22 | Var. | *Var. %* |
|---|---|---|---|---|
| United States | 312 | 435 | 123 | *39%* |
| Canada | 68 | 86 | 18 | *26%* |
| International | 59 | 56 | (3) | *-5%* |
| **Revenue** | **439** | **577** | 138 | *31%* |
| United States | 4 | 31 | 27 | |
| Canada | 5 | 10 | 5 | |
| International | 1 | 3 | 2 | |
| **Operating Profit** | **10** | **44** | 34 | |
| *United States* | *1.3%* | *7.1%* | | |
| *Canada* | *7.4%* | *11.6%* | | |
| *International* | *1.7%* | *5.4%* | | |
| *Operating Profit %* | *2.3%* | *7.6%* | | |
| *% of U.S. Revenue* | | | | |
| *U.S. Energy* | *80%* | *77%* | | |
| *U.S. Process Solutions* | *20%* | *23%* | | |

- **United States**
  - Revenue growth primarily driven by the strengthening in U.S. drilling and completions activity
  - Operating profit improvement driven by revenue growth, coupled with improved product margins
- **Canada**
  - Revenue improved primarily from increase in Canadian rig count
  - Operating profit improvement from revenue growth
- **International**
  - Revenue decreased due to loss of revenue tied to country exits, in addition to unfavorable foreign exchange rate impacts
  - Operating profit improvement driven by operating footprint restructuring and improved operating efficiencies

# Selected Quarterly Results

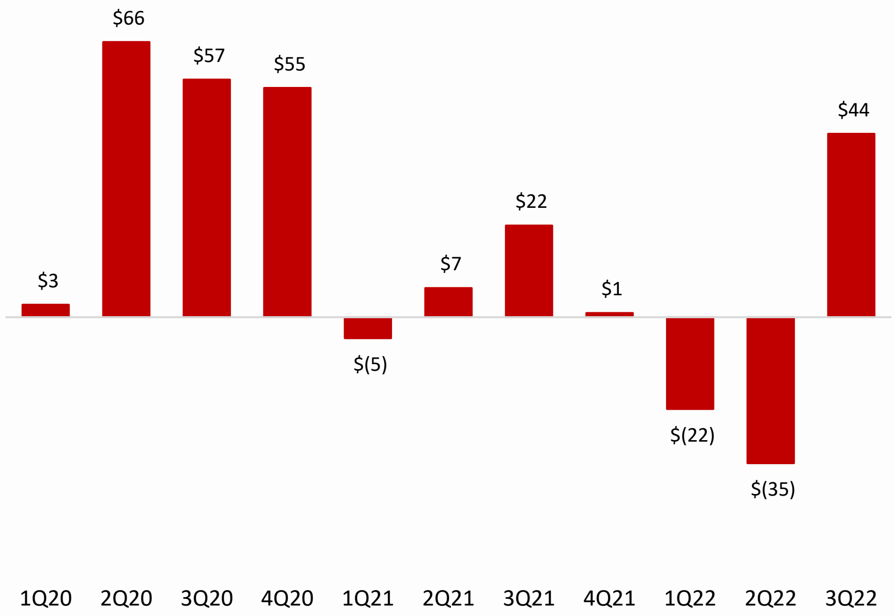
## Revenue & Gross Margin Percent

*($ in millions)*




## Free Cash Flow*

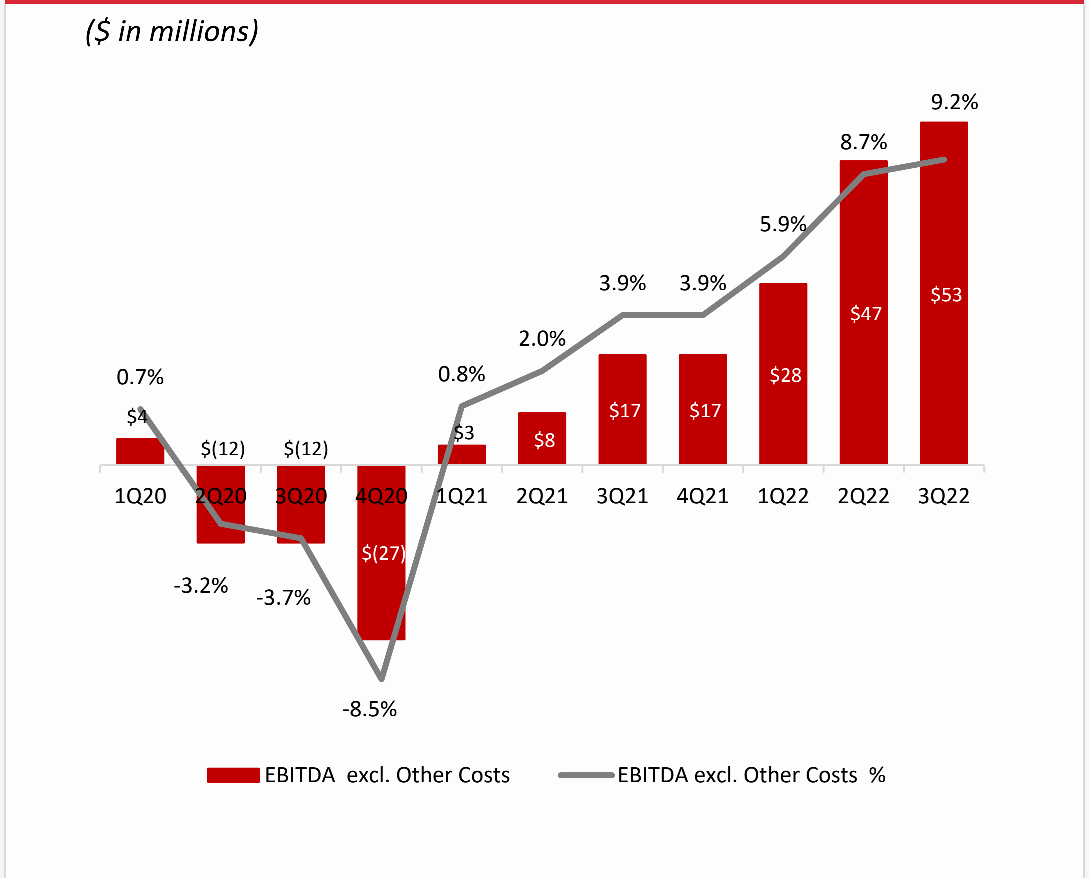
*($ in millions)*



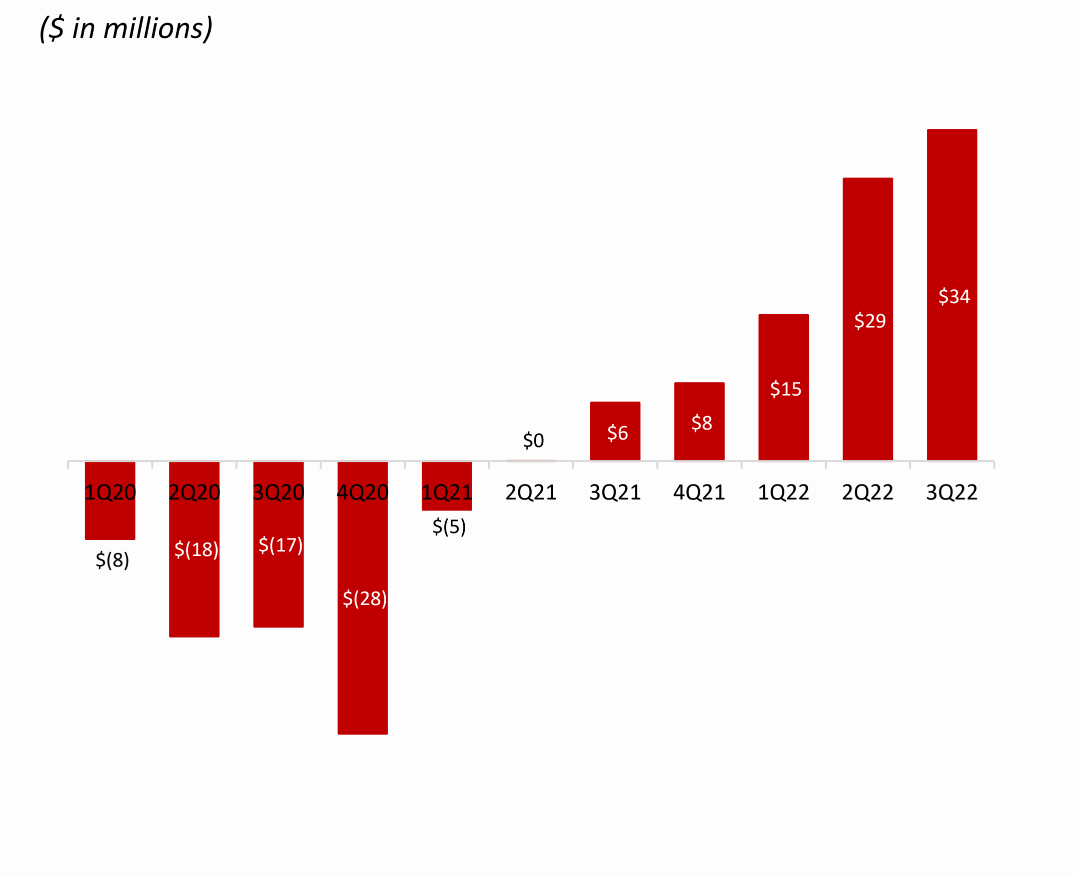

** Free Cash Flow is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment*

# Selected Quarterly Results

## EBITDA Inc. excl. Other Costs (Non-GAAP)




## Net Income (Loss) attributable to NOW Inc. excl. Other Costs (Non-GAAP)



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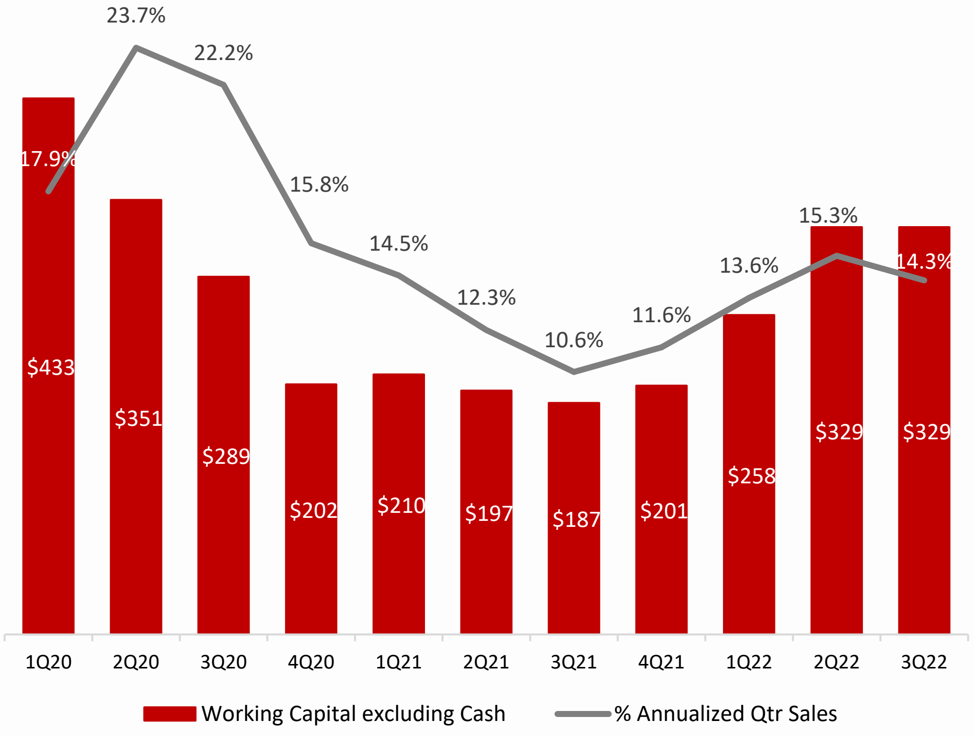
# Selected Quarterly Results

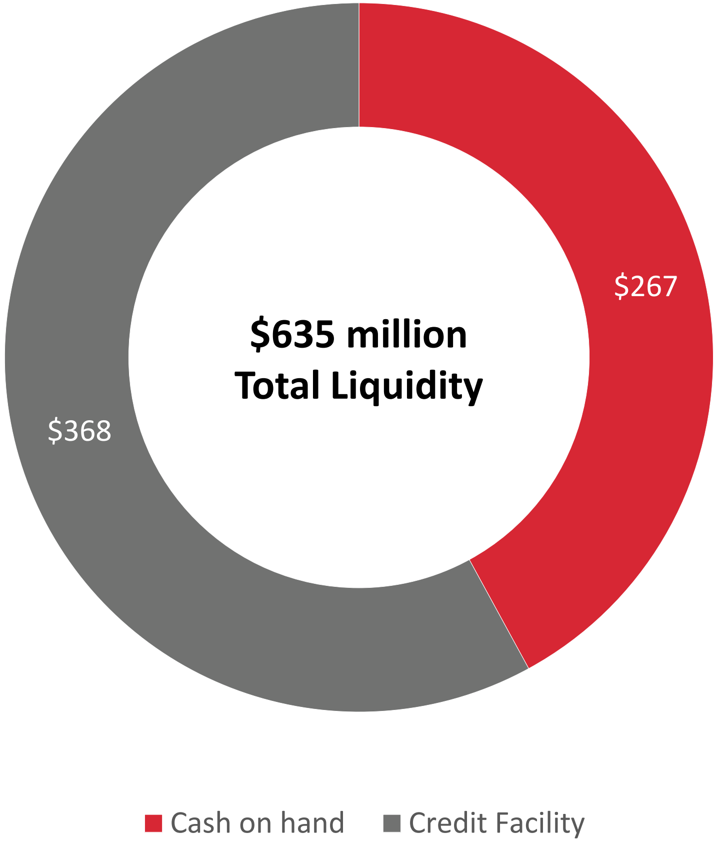
## Working Capital excl. Cash

*($ in millions)*




## Total Liquidity at September 30, 2022

*($ in millions)*



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# Opportunistically Repurchasing Shares

## $80 million share repurchase program underway

- Repurchased $4M of shares during 3Q22
- Shares retired at average price of $10.33 per share
- Program executed 5% of $80M plan
- Authorization approved August 2021 through December 2024

### Capital Allocation Strategy

- Organic Growth
- M&A
- Share Buyback

# CEO Wrap-Up and Guidance

- Impressive 3Q22 EBITDA* at 9.2% of revenue, driven by further gross margin improvement, solid operational execution and efficiencies
- Began execution on share repurchase component of capital allocation strategy by repurchasing $4M, or 5% of $80M share repurchase authorization in 3Q22
- M&A remains a priority and pipeline continues to be active
- **Raised Guidance**
  - Full-year 2022 EBITDA* expected to increase nearly $120M compared to the full-year 2021 EBITDA*, due to revenue growth, stronger gross margins and a more efficient fulfillment model
  - Expect full-year 2022 to generate positive free cash flow, even with much higher revenues than expected, while we materially invest in inventory, people, facility and network enhancements
  - 4Q22 revenues to decline sequentially in the mid-to-high single digit percentage range due to seasonality and budget exhaustion

* Excluding other costs (non-GAAP)