



Q2 2023 Presentation

August 23, 2023



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Q2 2023 Highlights

- Revenue
- \$35.0 million including reimbursables
 - Clean day rate⁽¹⁾ of \$31,500, up 6% from Q1
- Utilization
- 98.9% utilization
- EBITDA
- Adj. EBITDA of \$14.4 million
 - Operating and maintenance expenses in line with expectations
- Net income
- \$9.5 million
 - EPS of \$0.22
- Backlog
- Backlog of \$18.0 million as of August 22, 2023

1) Clean day rate excludes add on revenue from additional services, manning and other reimbursables

Recent Events and Outlook

Dividends

- Nine consecutive monthly distributions, totaling USD39.4m or NOK ~9.50 per share
- Latest distribution of \$0.09/sh implies 24% dividend yield p.a.⁽¹⁾

Idle rigs

- Several leads being explored with start up in Q4 2023
- OPEX reduction of ~30% when stacked
- Working capital requirement upon re-entry to market to normalize after two months of operation

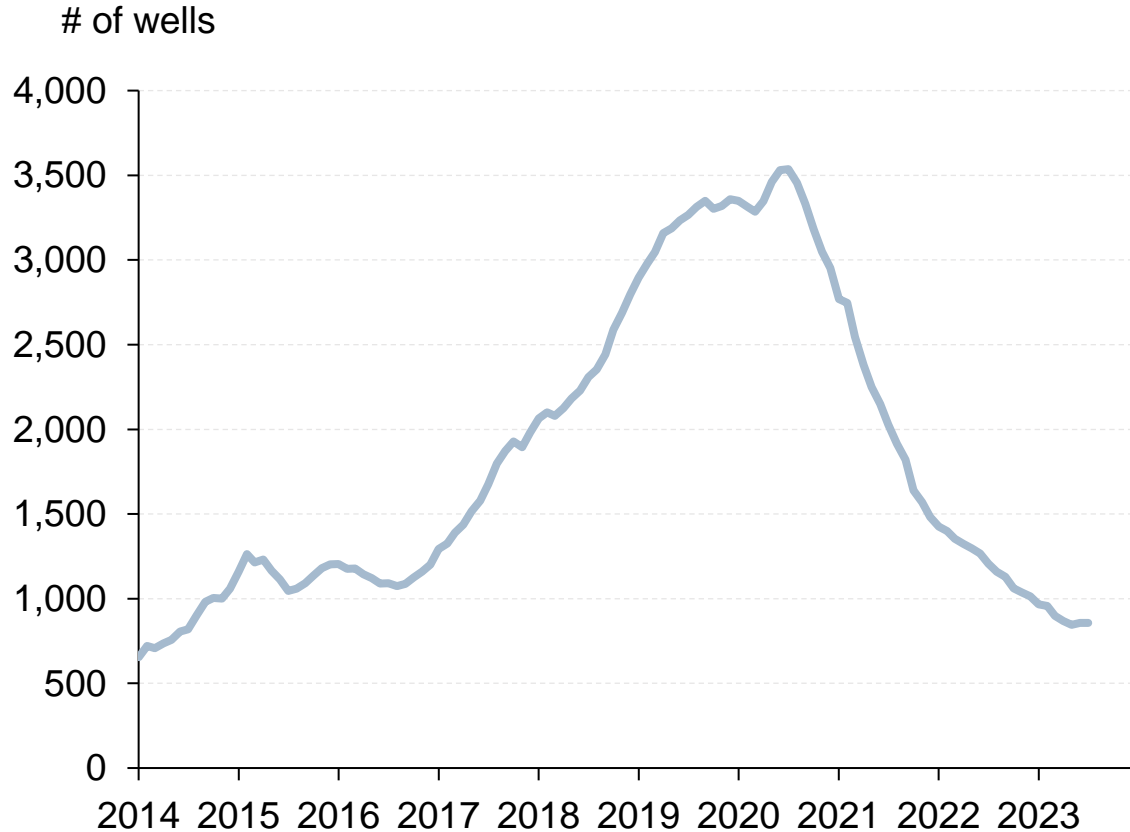
Near term outlook

- Customer budget and production discipline
- Large scale operator M&A temporarily reducing rig demand
- Signs of willingness for private operators to add rigs in Q4 based upon current WTI pricing
- Most analysts are projecting a bottom in rig counts in Q3

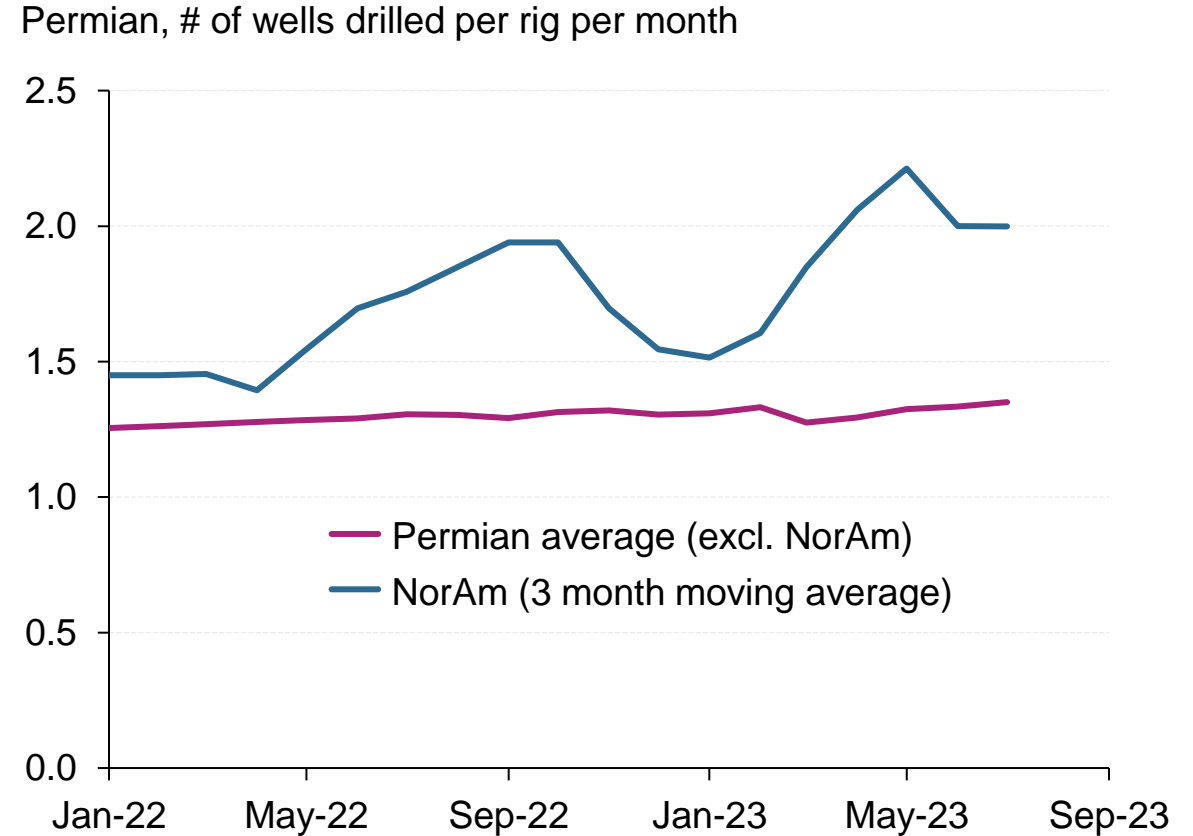
Note (1): Based on the closing price of NOK 47 as of August 22, 2023

Outperforming In Strong Market Fundamentals

DUCs has hit a floor at the lowest level since 2014⁽¹⁾



NorAm continues to outperform in 2023⁽²⁾



Note: 1) DUC means drilled, uncompleted well. Data from EIA's latest drilling activity report. 2) Based on EIA's drilling activity report and NorAm company data

Key Operational Figures

Selected operational and financial data

| <i>(All amounts in USD 1000s per day) unless noted</i> | 2Q 2023 | 1Q 2023 | 4Q 2022 | 3Q 2022 |
|--|---------|---------|---------|---------|
| Rig operating days | 1,004 | 990 | 1,005 | 1,001 |
| Rig utilization | 98.9% | 99.3% | 99.3% | 98.9% |
| Rig metrics per day: | | | | |
| Dayrate (1) | 31,567 | 30,846 | 28,006 | 25,201 |
| Operating costs (2) | 14,463 | 15,067 | 14,366 | 14,794 |
| Direct margin | 17,104 | 15,779 | 13,640 | 10,407 |
| Operation and SG&A allocation (3) | 1,765 | 1,812 | 1,936 | 1,920 |
| Maintenance cap ex allocation (3) | 180 | 103 | 203 | 430 |
| Net cash flow | 15,159 | 13,864 | 11,501 | 8,058 |
| All in OPEX and maintenance capex (3) | 16,408 | 16,982 | 16,505 | 17,143 |
| Reimbursements of "out-of-pocket" expenses (000's) | 3,962 | 2,286 | 1,252 | 1,189 |

(1) Per rig operating day and excludes reimbursements for "out-of-pocket" expenses.

(2) Per active rig available and excludes reimbursements for "out-of-pocket" expenses. Excludes operating costs of rigs not active.

(3) Per available days

- Dayrates up 6% Q/Q
- All rigs fully employed through Q2
- Reimbursements predominantly affected by drill pipe rebills

Income statement

| <i>(All amounts in USD 1000s)</i> | 2Q 2023 | 1Q 2023 | 4Q 2022 | 3Q 2022 |
|--|---------------|---------------|---------------|---------------|
| Total Operating Income | 34,966 | 32,684 | 29,541 | 26,535 |
| Payroll Expenses | 8,423 | 6,897 | 8,496 | 7,007 |
| Depreciation of Tangible and Intangible Assets | 4,671 | 4,759 | 4,771 | 4,769 |
| Rig Mobilization, Service and Supplies | 7,317 | 6,972 | 6,276 | 7,205 |
| Insurance Rigs and Employees | 1,441 | 1,644 | 1,617 | 1,750 |
| Other Operating Expenses | 3,550 | 2,391 | 1,721 | 2,101 |
| Total Operating Expenses | 25,402 | 22,663 | 22,881 | 22,833 |
| Operating Profit (+)/ Loss (-) | 9,564 | 10,022 | 6,660 | 3,703 |
| Net Financial Items | 148 | -49 | 1,544 | -1,759 |
| Profit (+)/Loss(-) before Income Tax | 9,712 | 9,972 | 8,204 | 1,944 |
| Income Tax Expense | 200 | 393 | -1,097 | 408 |
| Net Profit (+)/Loss (-) | 9,512 | 9,579 | 9,301 | 1,536 |

- Total operating income affected by higher billable income
- Payroll expenses up vs. previous quarter due to ERTC credit of \$1.4m in Q1 was applied as a reduction of expenses
- Other operating expenses affected by higher reimbursements

Balance Sheet And Cash Flow Statement

Balance sheet

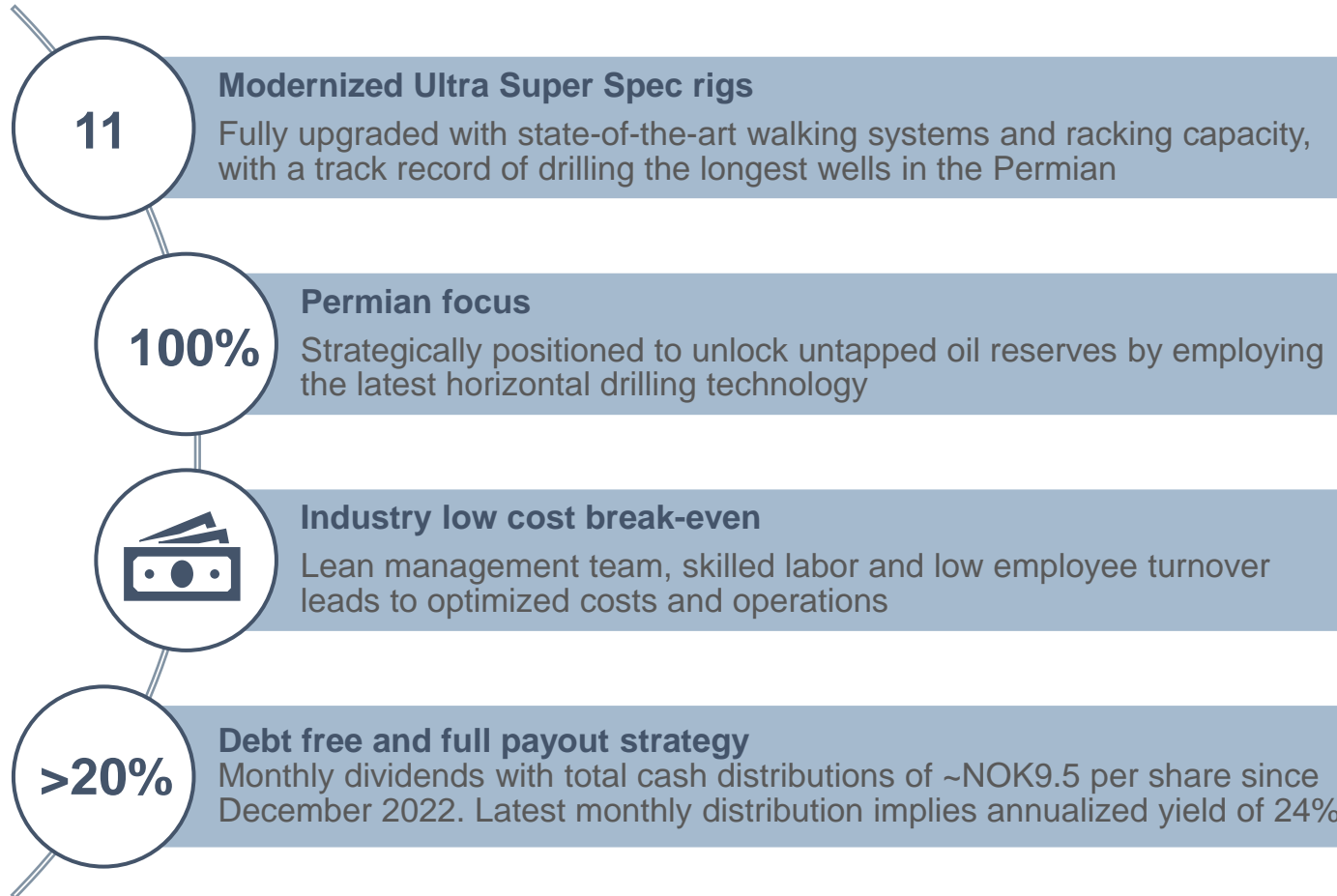
| (All amounts in USD 1000s) | 2Q 2023 | 1Q 2023 | 4Q 2022 | 3Q 2022 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <i>Non current assets</i> | | | | |
| Rigs and Accessories | 79,304 | 83,521 | 86,312 | 90,132 |
| Vehicles and Office Equipment | 669 | 434 | 258 | 282 |
| <i>Current assets</i> | | | | |
| Accounts Receivable | 17,260 | 14,402 | 14,802 | 10,636 |
| Other Receivable | 2,185 | 855 | 1,336 | 1,686 |
| Bank Deposits/Cash | 11,894 | 12,696 | 13,098 | 19,138 |
| Total Assets | 111,311 | 111,908 | 115,806 | 121,873 |
| <i>Equity</i> | | | | |
| Issued Capital | 12,547 | 12,547 | 12,547 | 8,839 |
| Share Premium | 124,314 | 136,701 | 136,472 | 94,860 |
| Other Shareholder Contribution | 369 | 369 | 369 | 369 |
| Other Equity | -48,365 | -57,877 | -67,456 | -76,663 |
| Total Equity | 88,866 | 91,740 | 81,932 | 27,405 |
| <i>Non current liabilities</i> | | | | |
| Deferred Tax | 2,139 | 2,139 | 1,746 | 3,093 |
| <i>Current Liabilities</i> | | | | |
| Bond Loan | | | | 80,000 |
| Accounts Payable | 3,927 | 4,138 | 4,607 | 3,807 |
| Tax Payable | 254 | 224 | 250 | |
| Public Duties Payable | 268 | 245 | 267 | 30 |
| Other Current Liabilities | 15,857 | 13,421 | 27,004 | 7,537 |
| Total Liabilities | 22,446 | 20,168 | 32,128 | 94,468 |
| Total Equity & Liabilities | 111,311 | 111,908 | 115,806 | 121,873 |

Cash flow statement

| (All amounts in USD 1000s) | 2Q 2023 | 1Q 2023 | 4Q 2022 | 3Q 2022 |
|---|---------|---------|---------|---------|
| Net Profit (+)/Loss (-) | 9,512 | 9,972 | 8,204 | 1,944 |
| Tax paid for the period | 30 | -26 | | |
| Depreciation of fixed assets | 4,671 | 4,759 | 4,771 | 4,769 |
| Change in accounts receivable | -2,858 | 400 | -4,166 | -1,241 |
| Change in accounts payable | -211 | -469 | 800 | 1,298 |
| Change in other current balance sheet items | 2,981 | 257 | -2,350 | 2,415 |
| Net cash flow from operational activities | 14,894 | 14,894 | 7,258 | 9,185 |
| Purchase of tangible fixed assets | -689 | -2,144 | -926 | -496 |
| Net cash flow from investing activities | -689 | -2,144 | -926 | -496 |
| Repayment of long term debt | | | -80,000 | |
| Issued capital | | | 72,004 | |
| Dividends | -14,239 | -13,152 | -4,375 | |
| Net cash flow from financing activities | -14,239 | -13,152 | -12,371 | 0 |
| Net change in cash and cash equivalent | -802 | -402 | -6,040 | 8,689 |
| Cash and cash equivalents opening balance | 12,696 | 13,098 | 19,138 | 10,449 |
| Cash and cash equivalents closing balance | 11,894 | 12,696 | 13,098 | 19,138 |

- Increase in accounts receivables due to higher dayrates and timing effects and expected to reverse in Q3

NorAm Drilling - Summary



Top quality customer portfolio



The Permian holds the largest energy reserves in the U.S

