



# Q2 2024 Presentation

August 23, 2024



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# Q2 2024 Highlights

- Revenue**
  - \$24.9 million including reimbursables
  - Clean day rate<sup>(1)</sup> of \$25,600
- Utilization**
  - 85.9% utilization vs. 87.5% in Q1 2024
- EBITDA**
  - Adj. EBITDA of \$4.8 million
  - Operating costs impacted by increases in major equipment repair and maintenance, expected to be transitory over time
- Net results**
  - Profit after tax of -\$0.3 million
  - EPS of -\$0.01
- Backlog**
  - Backlog of \$25.4 million as of August 22, 2024

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

# Recent Events and Outlook

## Monthly cash distributions

- 21 consecutive monthly distributions, totaling \$62m or NOK ~15.1 per share
- Latest distribution of \$0.04/sh implies ~13% dividend yield p.a.<sup>(1)</sup>

## Fleet status

- 10 out of 11 rigs contracted
- Pursuing opportunities for the idle rig

## Stable near term outlook

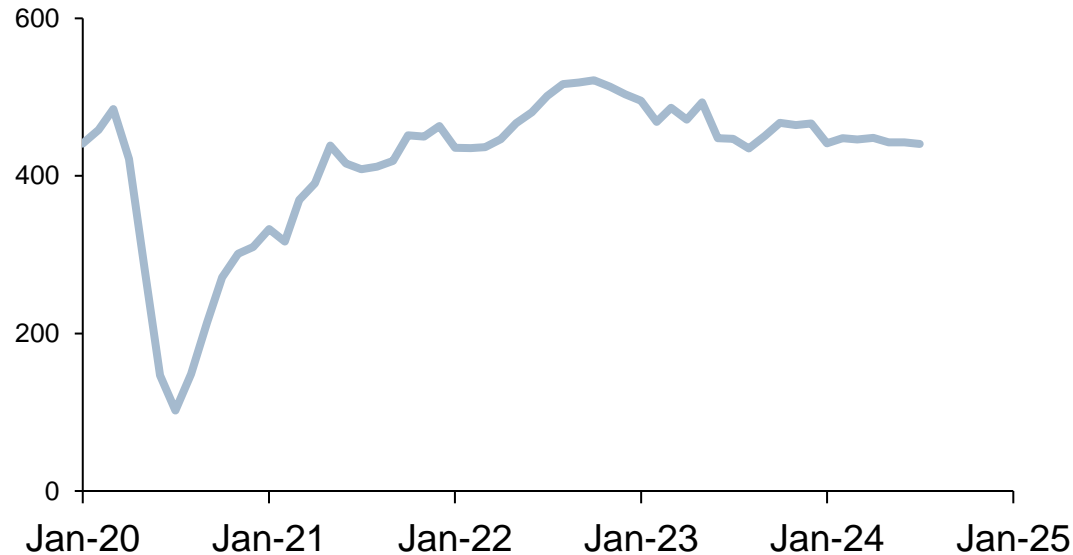
- Still affected by reduced drilling demand following M&A and consolidation activities
- Permian rig counts expected to have reached or is near a bottom
- E&Ps with persistent operational discipline
- Weak natural gas prices weighing on US rig counts
- Productivity gains seen in Permian

Note: (1) Based on the closing price of NOK 39.3 as of August 22, 2024

# Modest Permian Rig Count Increases Possible In Late 2024 and 2025

## Well completions continuing to drop in Permian...

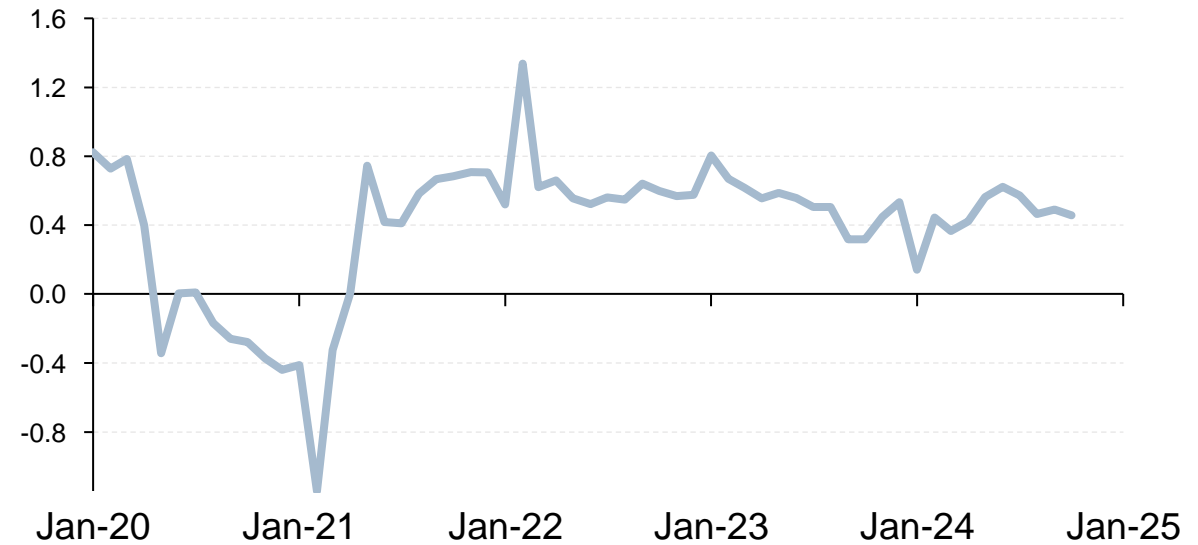
# of wells completed per month,  
3-month moving average



- E&P operators showing strong capital discipline
- M&A transactions putting a lid on activity (rig counts)
- Resulting in fewer operating days for drilling rigs

## Leading to declining Permian oil production growth rate

Y/Y oil production change in Permian,  
Million barrels of oil per day



- Production growth rate slowing with fewer well completions
- More rigs are required to complete more wells in Permian as DUC inventory is 70% down since beginning of 2021

# Key Operational Figures

## Selected operational and financial data

<i>(All amounts in USD per day) unless noted</i>	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Available rig days	1,001	1,001	1,012	1,012
Rig utilization	85.9%	87.5%	82.3%	77.3%
Rig metrics per day:				
Dayrate	25,589	26,341	26,875	30,302
Operating costs (1)	15,710	14,850	14,278	14,157
Direct margin	9,879	11,491	12,597	16,145
Operation and SG&A allocation	2,374	2,231	2,218	2,046
Maintenance and capex allocation	379	1,457	559	186
Net cash flow	7,126	7,803	9,820	13,913
Cash break even, working rigs (2)	18,463	18,538	17,055	16,389
Direct stacked cost per day	10,250	10,560	9,698	10,453
Reimbursements of "out-of-pocket" expenses (000's)	2,723	1,966	930	2,645

(1) Excludes reimbursements for "out-of-pocket" expenses

(2) Excludes reimbursements for "out-of-pocket" expenses. Excludes operating costs of rigs not active

- Dayrate down 3% Q/Q
- Utilization down 1.6 percentage points due to whitespace in May

## Income statement

<i>(All amounts in USD 1000s)</i>	2Q 2024	1Q 2024	4Q 2023	3Q 2023
<b>Total Operating Income</b>	<b>24,930</b>	<b>25,036</b>	<b>24,034</b>	<b>26,609</b>
Payroll Expenses	7,952	7,955	8,124	8,039
Depreciation of Tangible and Intangible Assets	4,915	4,850	4,796	4,711
Rig Mobilization, Service and Supplies	8,524	7,478	6,540	7,678
Insurance Rigs and Employees	1,300	1,170	1,819	1,347
Other Operating Expenses	2,392	1,768	2,237	2,792
<b>Total Operating Expenses</b>	<b>25,083</b>	<b>23,222</b>	<b>23,519</b>	<b>24,568</b>
<b>Operating Profit (+)/ Loss (-)</b>	<b>-153</b>	<b>1,815</b>	<b>515</b>	<b>2,041</b>
Net Financial Items	126	-2	258	3
<b>Profit (+)/Loss(-) before Income Tax</b>	<b>-27</b>	<b>1,812</b>	<b>773</b>	<b>2,044</b>
Income Tax Expense	250		2,990	
<b>Net Profit (+)/Loss (-)</b>	<b>-277</b>	<b>1,812</b>	<b>-2,216</b>	<b>2,044</b>

- Total operating income up flat from Q1 due to higher reimbursables
- Higher OPEX in Q2 due to equipment repair and maintenance related to mud tanks, top drives, engines and BOP certifications

# Balance Sheet And Cash Flow Statement


## Balance sheet

(All amounts in USD 1000s)	2Q 2024	1Q 2024	4Q 2023	3Q 2023
<i>Non current assets</i>				
Rigs and Accessories	63,867	68,368	72,061	76,089
Vehicles and Office Equipment	653	722	553	611
<i>Current assets</i>				
Accounts Receivable	11,223	11,405	11,297	9,867
Other Receivable	2,483	764	1,367	1,564
Bank Deposits/Cash	10,579	10,544	12,139	15,321
<b>Total Assets</b>	<b>88,805</b>	<b>91,804</b>	<b>97,418</b>	<b>103,452</b>
<i>Equity</i>				
Issued Capital	12,547	12,547	12,547	12,547
Share Premium	105,542	107,223	107,163	118,818
Other Shareholder Contribution	369	369	369	369
Other Equity	-46,723	-46,446	-48,258	-46,321
<b>Total Equity</b>	<b>71,735</b>	<b>73,694</b>	<b>71,822</b>	<b>85,414</b>
<i>Non current liabilities</i>				
Deferred Tax	4,881	4,881	4,881	2,139
<i>Current Liabilities</i>				
Bond Loan				
Accounts Payable	5,126	5,228	4,388	6,293
Tax Payable	287	326	326	254
Public Duties Payable	163	160	268	266
Other Current Liabilities	6,614	7,514	15,838	9,087
<b>Total Liabilities</b>	<b>17,071</b>	<b>16,362</b>	<b>20,275</b>	<b>18,039</b>
<b>Total Equity &amp; Liabilities</b>	<b>88,805</b>	<b>91,804</b>	<b>97,418</b>	<b>103,452</b>

## Cash flow statement

(All amounts in USD 1000s)	2Q 2024	1Q 2024	4Q 2023	3Q 2023
Net Profit (+)/Loss (-)	-277	1,812	773	2,044
Tax paid for the period	-39			
Depreciation of fixed assets	4,915	4,850	4,796	4,711
Change in accounts receivable	182	-108	-1,697	7,393
Change in accounts payable	-103	840	-1,904	2,365
Change in other current balance sheet items	906	-1,258	840	-1,820
Net cash flow from operational activities	5,584	6,136	2,807	14,693
Purchase of tangible fixed assets	-345	-1,326	-711	-1,438
Net cash flow from investing activities	-345	-1,326	-711	-1,438
Repayment of long term debt				
Issued capital				
Dividends	-5,204	-6,406	-5,279	-9,828
Net cash flow from financing activities	-5,204	-6,406	-5,279	-9,828
Net change in cash and cash equivalent	35	-1,595	-3,182	3,427
Cash and cash equivalents opening balance	10,544	12,139	15,321	11,894
Cash and cash equivalents closing balance	10,579	10,544	12,139	15,321

# NorAm Drilling - Summary

- 11** **Modernized Ultra Super Spec rigs**  
Fully upgraded with state-of-the-art walking systems and racking capacity, with a track record of drilling the longest wells in the Permian
- 100%** **Permian focus**  
Strategically positioned to unlock untapped oil reserves by employing the latest horizontal drilling technology
-  **Industry low cost break-even**  
Lean management team, skilled labor and low employee turnover leads to optimized costs and operations
- 13%** **Debt free and full payout strategy**  
Monthly dividends with total cash distributions of ~NOK15.1 per share since December 2022. Latest monthly distribution implies annualized yield of 13%

## Top quality customer portfolio

ConocoPhillips

FireBird  
Energy II LLC

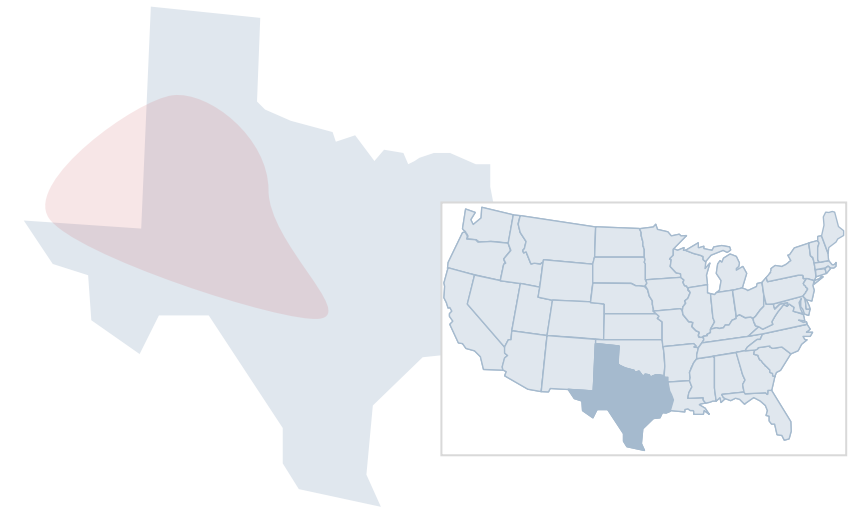
CROWNQUEST

DOUBLE EAGLE

PERMIAN  
RESOURCES

BlackSwan  
OIL & GAS

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







# Q&A

**Please use the raise hand function to ask a question. Thanks**