



INTERIM FINANCIAL INFORMATION

NORAM DRILLING AS

SECOND QUARTER 2025



NORAM DRILLING AS REPORTS RESULTS FOR THE SECOND QUARTER ENDED June 30, 2025

Oslo, Norway, August 25, 2025. NorAm Drilling AS (the “Company” or “NorAm”), today reported unaudited results for the three and six months ended June 30, 2025:

HIGHLIGHTS

- Reported Revenues of MUSD 25.0
- Adjusted EBITDA⁽¹⁾ of MUSD 5.3
- Fleet utilization of 86.0%
- Current backlog of MSUD 12.2

Marty L. Jimmerson, Chief Executive Officer of NorAm Drilling AS commented:

During the second quarter, the Company continued its operational excellence despite Permian land rig counts declining 10%. Market sentiment remained cautious as a result of economic and geopolitical uncertainties. As a result, E&Ps continue demonstrating operational and production discipline which contributed to the decline of 29 rigs operating in the Permian during the quarter.

With our industry low cost-base and zero debt, we continue to return capital to shareholders despite market headwinds, and this demonstrates the strength of our unique model. We paid MUSD 5.3 or NOK 1.24 per share in monthly dividends in the quarter and have declared two additional dividends after quarter end. Our rigs are among the very top performers measured in feet drilled per day in the U.S shale market, and NorAm should be well positioned in a market recovery.

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization plus non-cash stock option expense.

SUMMARY

NorAm Drilling AS owns 100% of NorAm Drilling Company, a Texas corporation, collectively referred to as NorAm or the Company herein. NorAm owns and operates a quality rig portfolio of “super spec” advanced high-end AC driven rigs tailored for the drilling of horizontal wells in the US land drilling market. Currently, nine of our eleven rigs are under contract in the Permian Basin and the remaining rigs are stacked and actively being marketed. Our rigs are designed to combine the cost efficiency of a compact rig with the versatility of different rig classes, enabling the rigs to cover a broad range of wells for both liquids and gas.

MARKET & ACTIVITIES

WTI began the second quarter trading around \$71 and finished the quarter trading around \$65. WTI is currently trading around \$64. During the second quarter, US land rig counts decreased 38 to 538 and Permian land rigs decreased by 29 to 271. US land rig counts and Permian land rigs are currently 523 and 255, respectively.

US and Permian activity continue to be impacted by WTI prices, operational discipline being demonstrated by E&Ps, as well as mergers and acquisitions by operators that have led to lower active rig counts and put additional pressure on dayrates.

OPERATIONS

During 2Q 2025, NorAm achieved an 86.0% utilization compared to 89.7% utilization in 1Q 2025.

Rig operating costs increased in 2Q 2025 compared to the prior quarter primarily due to higher repair and maintenance expenditures. We have low general and administrative costs and maintenance capital expenditures and believe this continues to provide us with the lowest cash break even per operating day in the industry.

FINANCIALS

NorAm had revenue of MUSD 25.0 during 2Q 2025 compared to MUSD 25.8 during 1Q 2025. The decrease in revenue is primarily attributable to lower utilization. We generated an operating profit of MUSD 3.8 in 2Q 2025 compared to an operating profit of MUSD 5.2 in 1Q 2025. The decline in operating profit is attributable to lower utilization and increased repair and maintenance expenses. We generated Adjusted EBITDA of MUSD 5.3 in 2Q 2025 compared to MUSD 6.7 in 1Q 2025.

Net cashflow from operational activities was MUSD 10.7 for the six months ended June 30, 2025, compared to MUSD 11.8 for the six months ended June 30, 2024. Capital expenditures were MUSD 0.4 during the second quarter and MUSD 1.0 for the six months ended June 30, 2024.

The Company is debt free, and we paid MUSD 5.3 or NOK 1.24 per share in monthly dividends to our shareholders in the second quarter of 2025. The dividend distributions were made from the Company's contributed surplus account which consists of previously paid in share premium transferred to the Company's share premium account.

The Company has MUSD 4.5 available under a Revolving Promissory Note ("Revolver") with a U.S. based bank for working capital and general corporate purposes. There were no borrowings outstanding under the Revolver as of June 30, 2025.

OUTLOOK

The announcements of global tariffs from the U.S. and OPEC+ announcements regarding planned increases in production have resulted in further global economic uncertainties. E&Ps remain focused on fiscal and operational discipline. As commodity prices continue to fluctuate, we anticipate that rig counts, dayrates and contract terms, especially in the Permian, could be under pressure in the near term.

We believe shale oil production levels in the US have likely peaked at current rig activity levels. This leads us to be optimistic longer term, especially for "super spec" rigs which will remain in high demand in the Permian basin.

Condensed consolidated Income Statement

	Quarter Ended		Six Months Ended	
	June 2025	June 2024	June 2025	June 2024
<i>(All amounts in USD 1000s)</i>				
Revenue/Expense				
Sales	24,940	24,930	50,727	49,966
Other Income				
Total Operating Income	24,940	24,930	50,727	49,966
Payroll Expenses	8,366	7,952	17,026	15,907
Depreciation of Tangible and Intangible Assets	1,466	4,915	2,919	9,765
Rig Mobilization, Service and Supplies	7,244	8,524	13,917	16,003
Insurance Rigs and Employees	1,894	1,300	3,770	2,470
Other Operating Expenses	2,172	2,392	4,093	4,160
Total Operating Expenses	21,142	25,083	41,726	48,305
Operating Profit (+)/ Loss (-)	3,798	-153	9,001	1,662
Financial Income and Expenses				
Other Interest Income	71	107	133	211
Other Financial Income	90	39	248	39
Other Interest Expenses	5	7	27	26
Other Financial Expenses	105	13	154	100
Net Financial Items	51	126	201	124
Profit (+)/Loss(-) before Income Tax	3,849	-27	9,201	1,785
Income Tax Expense	198	250	398	250
Net Profit (+)/Loss (-)	3,651	-277	8,804	1,535

Condensed consolidated Balance Sheet

	Notes	June 2025	Dec 2024
<i>(All amounts in USD 1000s)</i>			
Assets			
<i>Tangible Assets</i>			
Rigs and Accessories	1	53,865	55,732
Vehicles and Office Equipment	1	566	569
Total Tangible Assets		54,430	56,301
Current Assets			
<i>Receivable</i>			
Accounts Receivable		12,421	12,339
Prepaid Expenses and Other Current Assets		3,014	1,673
Total Receivable and Other		15,436	14,012
<i>Cash and Cash Equivalents</i>			
Bank Deposits/Cash		7,543	8,365
Total Current Assets		22,979	22,377
Total Assets		77,409	78,678

Condensed consolidated Balance Sheet

	Notes	June 2025	Dec 2024
<i>(All amounts in USD 1000s)</i>			
Equity			
<i>Owners Equity</i>			
Issued Capital	2	12,580	12,569
Share Premium	2	84,842	86,538
Other Shareholder Contribution	2	369	369
Total Owners Equity		97,791	99,475
<i>Accumulated Profits</i>			
Other Equity	2	-37,200	-46,004
Total Accumulated Profits		-37,200	-46,004
Total Equity		60,591	53,471
Liabilities			
<i>Deferred Tax</i>			
Deferred Tax		5,234	5,234
Total deferred tax		5,234	5,234
<i>Current Liabilities</i>			
Accounts Payable		5,837	3,617
Tax Payable		400	1,781
Public Duties Payable		168	169
Other Current Liabilities		5,180	14,406
Total Current Liabilities		11,585	19,973
Total Liabilities		16,819	25,207
Total Equity & Liabilities		77,409	78,678

Condensed Consolidated Statement of Cash Flow

YTD

June 2025 June 2024

(All amounts in USD 1000s)

Net Profit (+)/Loss (-)	9,201	1,535
Tax	-1,861	-39
Depreciation of fixed assets	2,919	9,765
Change in accounts receivable	-82	74
Change in accounts payable	2,220	737
Change in other current balance sheet items	-1,705	-331
Net cash flow from operational activities	10,692	11,742
Purchase of tangible fixed assets	-1,049	-1,671
Net cash flow from investing activities	-1,049	-1,671
Repayment of long term debt		
Issued capital	12	
Dividends	-10,477	-11,631
Net cash flow from financing activities	-10,465	-11,631
Net change in cash and cash equivalent	-821	-1,561
Cash and cash equivalents opening balance	8,365	12,139
Cash and cash equivalents closing balance	7,543	10,579

Note 1 - Accounting Principles

The condensed consolidated interim financial statement is prepared in accordance with the Norwegian accounting standard for interim financial statements, NRS 11.

Principles and policies are the same for the interim financial statements as in the last annual financial statements, that were prepared according to the Norwegian Accounting Act and generally accepted principles in Norway. For description of accounting principles we refer you the last issued Annual Financial Statement.

1-1 Income tax

The tax expense for management reporting and interim reporting purposes is a simplified tax calculation where the tax rate in the different jurisdictions are applied to the net result in the different jurisdiction booked against deferred tax/deferred tax asset. If a jurisdiction has a negative result, and no deferred tax asset is expected to be capitalized, no tax expense are calculated for that jurisdiction.

1-3 Property, Plant and Equipment

Property, plant and equipment are capitalized and depreciated over the estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition costs and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realizable value in use. In assessing value in use, the discounted estimated cash flows from the asset are used.

Effective 1 January 2025, the Company evaluated and changed the remaining estimated useful life to 10 years on the remaining carrying values of its Rig and Rig related accessories. Vehicles and office equipment have estimated useful lives for accounting purposes of 3-5 years.

1-4 Audit of management reporting/interim reporting

The interim financials are unaudited.

Note 2 - Equity and Shareholders Information

	Share capital	Share premium	Other paid in capital	Other equity	Total
Equity December 2024	12,569	86,538	369	-46,004	53,471
Profit/loss in the period				8,804	8,804
Change in dividends		-1,728			-1,728
Stock option program		32			32
Issued Capital	12				12
Equity June 2025	12,580	84,842	369	-37,200	60,590

The Company had MUSD 8.7 of dividends accrued as of December 31, 2024. The company declared and paid dividends of MUSD 21.4 for the 12 months ended December 31, 2024. The company declared and paid dividends of MUSD 13.3 subsequent to December 31, 2024. The dividend distributions were from the Company's contributed surplus account which consists of previously paid in share premium transferred to the Company's share premium account.

On 28 February 2025, Thomas Taylor, the Company's Chief Operating Officer, exercised 50,000 stock options. Due to prior cash distribution adjustments, the strike price per share option was negative NOK 8.7212. To account for the negative share price, the company settled the net difference in additional 12,861 shares based upon its market value by applying the volume weighted average price of NOK 33.9053 on 28 February 2025.

Note 3 - Long term liabilities and covenants

The Company's subsidiary ("Borrower") has a Loan agreement with a U.S. based bank that provides for a Revolving Promissory Note ("Revolver") of MUSD 4.5. Use of proceeds for any borrowings under this Revolver are available for working capital and general corporate purposes based upon a borrowing base calculation equal to 70% of eligible accounts. As of 30 June 2025, there were no borrowings outstanding on the Revolver.

Note 4 - Key figures and ratios

(USD mill)	Q2		YTD	
	2025	2024	2025	2024
Revenue	24.9	24.9	50.7	50.0
Operating profit	3.8	-0.2	9.0	1.7
Net profit before tax	3.8	-0.0	9.2	1.8
EBITDA	5.3	4.8	11.9	11.5
ADJUSTED EBITDA	5.3	4.8	12.0	11.5
Equity to asset ratio	78.3 %	80.8 %		
Total average number of shares	43,277,447	43,140,993	43,297,814	43,140,993
EPS	0.08	-0.01	0.20	0.04
Diluted EPS (Including options)	0.08	-0.01	0.20	0.04

Definitions

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization.

ADJUSTED EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization plus non cash stock option expenses.