INTERIM FINANCIAL INFORMATION

NORAM DRILLING AS

SECOND QUARTER 2024

NORAM DRILLING AS REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2024

Oslo, Norway, August 22, 2024. NorAm Drilling AS (the "Company" or "NorAm"), today reported unaudited results for the three and six months ended June 30, 2024:

HIGHLIGHTS

- Reported Revenues of MUSD 24.9
- Adjusted EBITDA(1) of MUSD 4.8
- Fleet utilization was 85.9%
- Average base dayrate(2) of $25,600
- Current revenue backlog of MUSD 25.4 as of August 22, 2024

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

During the second quarter, rig counts in the US declined 6% and rig counts in the Permian decreased 2%. The US rig market continues to be impacted by reduced drilling demand after substantial consolidation activity among private and public operators and continued production discipline being demonstrated by most E&Ps. We were pleased to have transitioned 3 of our rigs during the second quarter from operators acquired in previously announced M&A deals to new customers which reinforces the quality of our rigs and operational performance.

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 5.2 or NOK 1.30 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.
(2) Base dayrate includes contracted revenue while on operating time and mobilizations divided by the total operating and move days and excludes add-ons for equipment rentals, additional crew, overtime and reimbursables.

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, ten of our eleven rigs are under contract in the Permian Basin and the remaining rig is hot stacked and actively being marketed. These 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 $84 and finished the quarter trading around $82 The high and low of WTI in the second quarter was $87 and $73, respectively. WTI is currently trading at $72. During the second quarter, US land rig counts decreased 34 to 567 and Permian land rigs decreased by 7 to 308.

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

As of August 16, 2024, the US land drilling active rig count and Permian rig count was 567 and 303, respectively. As of December 29, 2023, the US land drilling active rig count and Permian rig count was 601 and 307, respectively.

OPERATIONS

During 2Q 2024, NorAm achieved an 85.9% utilization compared to 87.5% utilization in 1Q 2024.

Rig operating costs were modestly higher in the second quarter compared to prior quarters as a result of repair and maintenance expenses attributable to equipment recertifications and other equipment repairs. We have low general and administrative costs and maintenance capital expenditures and believe this continues to provide us with the lowest fully burdened cost base per operating day in the industry.

FINANCIALS

NorAm had revenue of MUSD 24.9 during 2Q 2024 compared to MUSD 25.0 during 1Q 2024. We generated an operating loss of MUSD 0.2 in 2Q 2024 compared to an operating profit of MUSD 1.8 in 1Q 2024. Revenue was impacted by lower utilization offset by higher reimbursable revenue. We generated Adjusted EBITDA of MUSD 4.8 in 2Q 2024 compared to MUSD 6.7 in 1Q 2024. The decline in operating profit and Adjusted EBITDA during the second quarter was primarily impacted by increased repair and maintenance expenses and modest decline in utilization attributable to rig transitions to new customers as a result of M&A activity.

Net cashflow from operational activities was MUSD 11.8 for the six months ended June 30, 2024 compared to MUSD 29.0 for the six months ended June 30, 2023. Capital expenditures were MUSD 0.3 during the second quarter and MUSD 1.7 for the six months ended June 30, 2024.

The Company is debt free, and we paid MUSD 5.2 or NOK 1.30 per share in monthly dividends to our shareholders in the second quarter of 2024. 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 intends to continue paying future dividends based upon free cash flow and maintaining minimum available liquidity of approximately MUSD 11.0.

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, 2024.

OUTLOOK

Subject to key risks and uncertainties included in our 2023 Annual Report and recent declines in rig counts, we continue to expect strong demand for our high end "super spec" drilling rigs.

Based upon current commodity prices and discussions with operators who have been focused on budgets and production discipline, we expect that Permian rig counts have reached or are near a bottom and could start to increase during the remainder of 2024 and into 2025. We also expect shale oil production levels to grow at a substantially reduced pace with the recent decline in well completions, active rig counts and frac fleets.

Recent E&P consolidation will likely continue to influence dayrates and rig counts and could impact our ability to renew working rigs and reactivate any stacked rigs. As E&P operators remain focused on maintaining current production levels and with drilled but uncompleted (DUCs) wells at decade lows in the Permian basin, we believe "super spec" rigs will remain in high demand in the Permian basin. We therefore hope to secure employment for the last idle rig later in 2024 or early 2025.

Unaudited

Condensed consolidated Income Statement

(All amounts in USD 1000s)

	Quarter Ended		Six Months Ended	
	June 2024	June 2023	June 2024	June 2023
Revenue/Expense				
Sales	24,930	34,966	49,966	67,650
Other Income				
Total Operating Income	**24,930**	**34,966**	**49,966**	**67,650**
Payroll Expenses	7,952	8,423	15,907	15,320
Depreciation of Tangible and Intangible Assets	4,915	4,671	9,765	9,430
Rig Mobilization, Service and Supplies	8,524	7,317	16,003	14,288
Insurance Rigs and Employees	1,300	1,441	2,470	3,085
Other Operating Expenses	2,392	3,550	4,160	5,941
Total Operating Expenses	**25,083**	**25,402**	**48,305**	**48,065**
Operating Profit (+)/ Loss (-)	**-153**	**9,564**	**1,662**	**19,586**
Financial Income and Expenses				
Other Interest Income	107	106	211	216
Other Financial Income	39	116	39	128
Other Interest Expenses	7	6	26	6
Other Financial Expenses	13	67	100	238
Net Financial Items	**126**	**148**	**124**	**99**
Profit (+)/Loss(-) before Income Tax	**-27**	**9,712**	**1,785**	**19,685**
Income Tax Expense	250	200	250	593
Net Profit (+)/Loss (-)	**-277**	**9,512**	**1,535**	**19,091**

Unaudited

Condensed consolidated Balance Sheet

	Notes	June 2024	Dec 2023
(All amounts in USD 1000s)			
Assets			
Tangible Assets			
Rigs and Accessories	1	63,867	72,061
Vehicles and Office Equipment	1	653	553
Total Tangible Assets		**64,520**	**72,615**
Current Assets			
Receivable			
Accounts Receivable		11,223	11,297
Prepaid Expenses and Other Current Assets		2,483	1,367
Total Receivable and Other		**13,706**	**12,664**
Cash and Cash Equivalents			
Bank Deposits/Cash		10,579	12,139
Total Current Assets		**24,285**	**24,804**
Total Assets		**88,805**	**97,418**

Unaudited

Condensed consolidated Balance Sheet

	Notes	June 2024	Dec 2023
(All amounts in USD 1000s)			
Equity			
Owners Equity			
Issued Capital	2	12,547	12,547
Share Premium	2	105,542	107,163
Other Shareholder Contribution	2	369	369
Total Owners Equity		**118,458**	**120,080**
Accumulated Profits			
Other Equity	2	-46,723	-48,258
Total Accumulated Profits		**-46,723**	**-48,258**
Total Equity		**71,735**	**71,822**
Liabilities			
Deferred Tax		4,881	4,881
Total deferred tax		**4,881**	**4,881**
Current Liabilities			
Accounts Payable		5,126	4,388
Tax Payable		287	326
Public Duties Payable		163	163
Other Current Liabilities		6,614	15,838
Total Current Liabilities		**12,189**	**20,716**
Total Liabilities		**17,070**	**25,597**
Total Equity & Liabilities		**88,805**	**97,418**

Unaudited

Condensed Consolidated Statement of Cash Flow

(All amounts in USD 1000s)	YTD June 2024	YTD June 2023
Net Profit (+)/Loss (-)	1,535	19,485
Tax paid for the period	-39	4
Depreciation of fixed assets	9,765	9,430
Change in accounts receivable	74	-2,458
Change in accounts payable	737	-679
Change in other current balance sheet items	-331	3,238
Net cash flow from operational activities	11,742	29,021
Purchase of tangible fixed assets	-1,671	-2,833
Net cash flow from investing activities	-1,671	-2,833
Repayment of long term debt		
Dividends	-11,631	-27,391
Net cash flow from financing activities	-11,631	-27,391
Net change in cash and cash equivalent	-1,561	-1,204
Cash and cash equivalents opening balance	12,139	13,098
Cash and cash equivalents closing balance	10,579	11,894

NOTE DISCLOSURE

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.

Estimated useful life for accounting purposes is defined for different categories of fixed assets:

	Estimated Useful Life
Rig	10 - 15 years
Rig related accessories	2 - 15 years
Vehicles	3 - 5 years
Office equipment	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 2023	12,547	107,185	369	-48,258	71,843
Profit/loss in the period				1,535	1,535
Dividends		-1,758			-1,758
Stock option program		115			115
Equity June 2024	**12,547**	**105,542**	**369**	**-46,724**	**71,734**

The Company had MUSD 9.9 of dividends accrued as of December 31, 2023. The company declared and paid dividends of MUSD 15.0 subsequent to December 31, 2023 through the date of this report. 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.

Note 3 - Long term liabilities and covenants

On 21 November 2022, the Company's subsidiary ("Borrower") entered into 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. Financial covenants include (i) a debt service coverage ratio of not less than 1.2 to 1; (ii) Minimum liquidity requirement of MUSD 5.0 and (iii) a debt to EBITDA ratio of not more than 2.0 to 1.0. The Revolver is secured by accounts receivable and expected to be utilized to reduce the required level of liquidity on our balance sheet. As of 30 June 2024, there were no borrowings outstanding on the Revolver.

Note 4 - Cares Act

The Company received approximately MUSD 1.4 in January 2023 related to its final outstanding payroll credit refund application associated with the Employee Retention Tax Credit ("ERTC").

Note 5 - Key figures and ratios

(USD mill)	**Q2**		**YTD**	
	2024	**2023**	**2024**	**2023**
Revenue	24.9	35.0	50.0	67.7
Operating profit	-0.2	9.6	1.7	19.6
Net profit before tax	-0.0	9.7	1.8	19.7
EBITDA	4.8	14.2	11.5	29.0
ADJUSTED EBITDA	4.8	14.4	11.5	29.3

	Q2	
	2024	**2023**
Equity to asset ratio	80.8%	79.8%

	Q2	
	2024	**2023**
Total number of shares	43,140,993	43,140,993
EPS	-0.01	0.22
Diluted EPS (Including options)	-0.01	0.22

Definitions

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

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

Note 6 - Subsequent events

On July 24, 2024, Chief Operating Officer, Thomas Taylor, exercised 100,000 options to acquire shares in the Company. Due to prior cash adjustments, the strike price per share option was negative NOK 5.6412. To account for the negative share price, the Company will settle the net difference in additional 14,103 shares. Following the exercise of options, Thomas Taylor owns 133,553 shares in the Company and has 50,000 remaining options.

Following the issuance of 114,103 new shares to Thomas Taylor, the Company's share capital will be NOK 86,510,192 consisting of 43,255,096 shares each with a par value of NOK 2.00